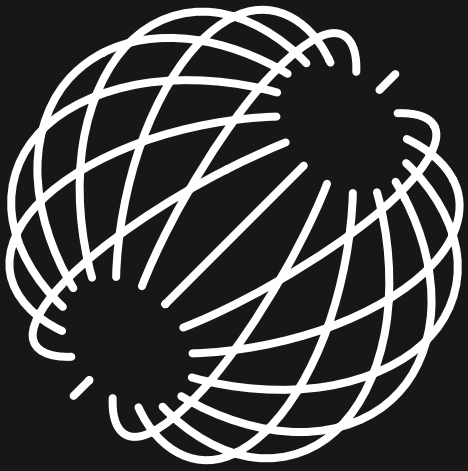
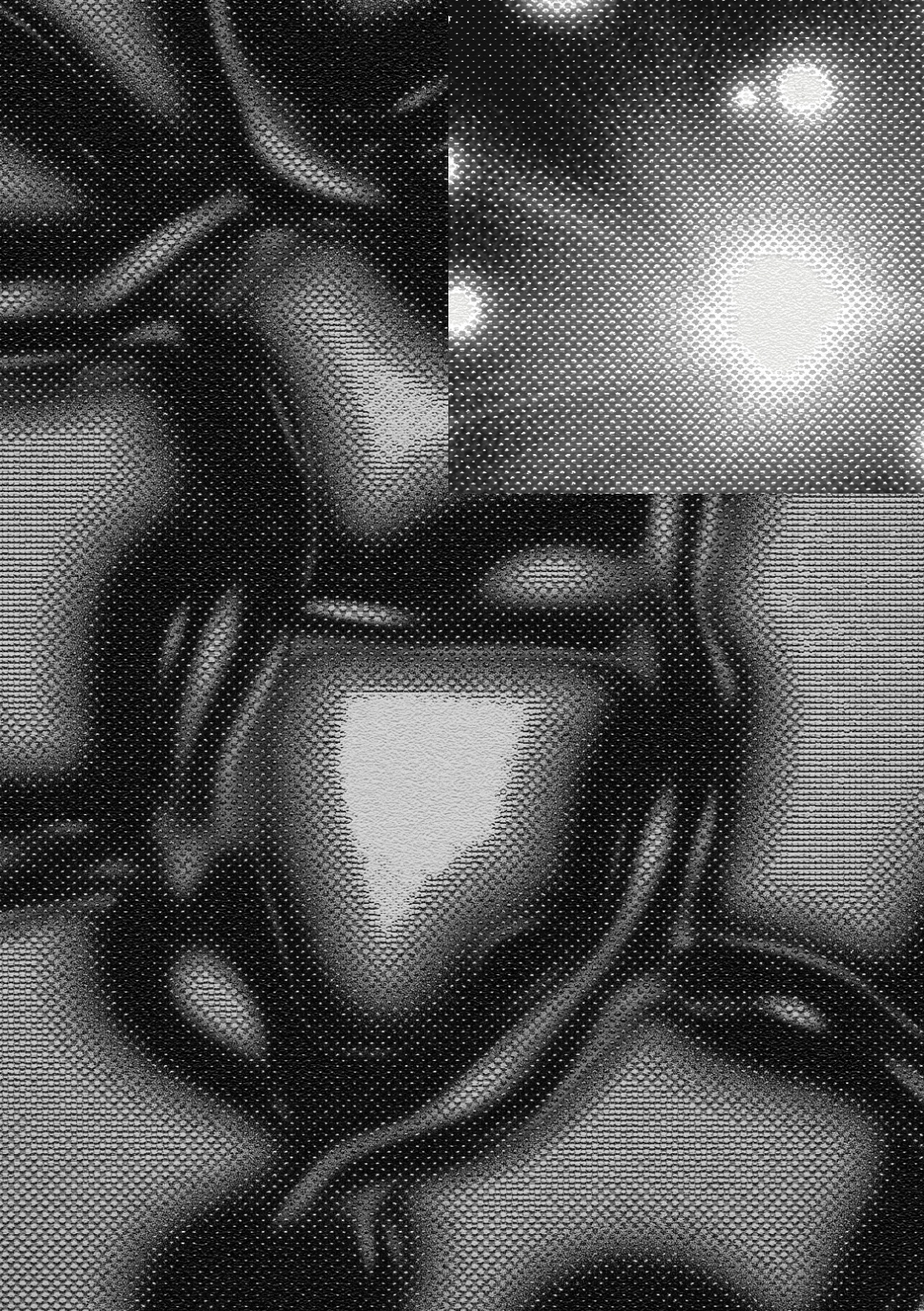


PLAN FOR THE ARTIST-OWNED INTERNET

SECOND EDITION

2025



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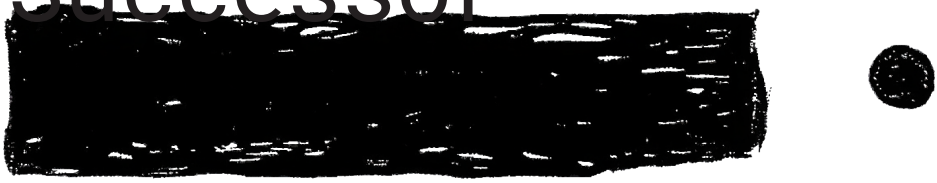
A Collectively Owned Bandcamp Successor



SUBVERT

In March 2022, Bandcamp shook the independent music world when it announced that its founders had sold the company to Epic Games, the makers of Fortnite, leaving the fate of the platform — and that of hundreds of thousands of musicians who had come to rely on it — up in the air. A year and a half later, Bandcamp was sold again, this time to music licensing company Songtradr. Following the sale, Songtradr laid off half of Bandcamp's staff, including most of the union's bargaining team. It was the second time that the company had changed hands in just 18 months, creating even more uncertainty and anxiety.

Bandcamp's acquisition left musicians and music workers with a familiar feeling of betrayal and concern. How did this happen? Wasn't Bandcamp supposed to be the "good guy?" To many, Bandcamp had been the last bastion of independence in a recorded music landscape that had long ago left underground and emerging musicians behind. Now it had become another corporate asset, tied to the streaming giants it once marketed itself as against.

The news felt like yet another example of a platform positioning itself as an artist-friendly alternative, only to abandon its core values and community. And it was especially disappointing given Bandcamp's positioning as the last true independent alternative in a streaming-dominated landscape.

That reputation was merited: While Bandcamp had raised millions of dollars in VC investment in their first two disclosed funding rounds, it claimed to have been profitable since 2012 and appeared to operate independently of investor influence. Its emphasis on direct sales, its fair fees, and its stellar editorial team led the Los Angeles Times to dub the platform the "Anti-Spotify" and earned Bandcamp significant community goodwill. During the pandemic, Bandcamp Fridays became a lifeline for musicians who were stuck at home and unable to tour. The platform had effectively become a utility, a critical piece of infrastructure for independent music.

Bandcamp's reputation was built on its commitment to putting artists first. And yet, 15 years after its founding, the platform was unceremoniously sold, blindsiding the very community it served. There were no town halls or events to discuss this decision. What would have happened if Bandcamp's artists had been able to advocate for their own interests and have a say in the decisions that impacted them? How might the story of Bandcamp have turned out differently if the platform had been collectively owned by its artists and their supporters?

Bandcamp's trajectory illustrates a depressing reality of the contemporary internet. Author Cory Doctorow coined the term "enshittification" to describe the gradual decline of services as they prioritize value extraction over value creation for users, a process he views as an inevitable consequence of platform capitalism. While Bandcamp's tools seem to be working fine, its integrity as a platform and its very existence feels increasingly precarious. Given all of the upheavals of the past two years, it's not a stretch to say that we are one press release away from Bandcamp enshittifying beyond recognition.

For independent musicians and music workers, it can be difficult to see the path forward. It's hard not to feel let down when organizations cultivate loyal communities, only to prioritize the interests of a small handful of stakeholders over the values they once championed. It's tempting to think that a platform like Bandcamp, for all of the uncertainty around it, is the best we can do.

Yes, Bandcamp Fridays were great. But let's not confuse generosity with systems change. In the shadow of Bandcamp's do-gooder public perception is a troubling neutralization of any counter-force of accountability. Our current moment requires

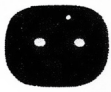
us to dream bigger. Systemic problems require systemic solutions.

Imagine a music marketplace where the community controls the code, control the decisions, and shares in its success.

Subvert is a Bandcamp successor that is collectively owned, stewarded, and controlled by its community, with 100 percent of its founding ownership reserved for its artists, their supporters, and the platform's workers. We're building a platform that has artists' interests, collective ownership, and democratic governance written into its very DNA.

This is not a utopian fantasy. This is a concrete intervention. Building a collectively owned platform is a complex challenge, but it's one Subvert is uniquely positioned to solve. Our growing coalition includes founders of Ampled, a project that helped pioneer the concept of cooperative platforms, as well as artists, music industry professionals, and specialists in cooperative law and platform economics. Drawing on rigorous research, consultation with diverse experts, and our hard-earned lessons from running platform cooperatives, we've developed a comprehensive, viable plan for Subvert — one that we believe makes collective ownership not just a possibility, but a winning strategy.

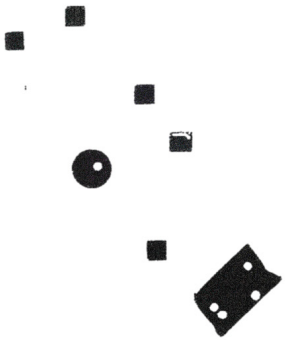
Subvert's primary goal is to create a collectively owned alternative to Bandcamp — a marketplace that makes it easy for artists to directly sell music and merch, while also giving them greater control over their own destinies. But our vision extends further. We're not just building a platform; we're creating a new model for a collectively owned internet. Our goal is to create a replicable framework that can be applied across various services and industries, challenging incumbent platforms through the power of collective ownership.



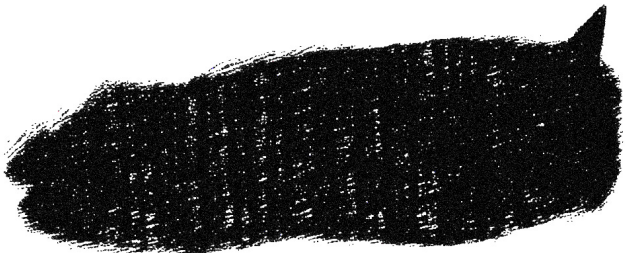
This is just the beginning.

In the coming weeks, we'll be sharing regular updates as we put this plan into action. We'll be diving into Subvert's platform, documenting the process of building collectively owned digital infrastructure, as well as outlining our organizational model and larger vision. We'll also be seeking your input and involvement. If you are an artist, or if you share our conviction in a collectively owned internet, you can follow along to learn more about becoming a member of Subvert. Believing that Bandcamp is the best we can do puts a limit on our collective imagination. It's a cynical view of our future. We believe that a better internet — one owned and controlled by users — is not only possible, but inevitable and necessary. It's time to build something new.

Sincerely Ours



About This Document



Welcome to the *Plan for the Artist-Owned Internet*. This is a document that serves as a business plan, manifesto, and blueprint for redefining the relationship between artists and platforms. This publication outlines the development of Subvert, an online marketplace for musicians to sell music and merch to their supporters.

However, this document is more than an outline of a business venture — it's a call to imagination. What's possible when we prioritize artists' interests over those of finance capital?

For too long, online infrastructure has catered to the interests of founders and investors rather than the needs of artists or workers. Subvert aims to address this problem from its foundation: ownership.

This document is an invitation to join us on this journey. By purchasing this publication and becoming a co-op member, you're now an integral part of this shared effort. We're moving beyond critiquing the present to proposing a new, more imaginative future.

We're navigating uncharted territory here. The concept of collectively owned web platforms is largely unexplored, which makes this project full of unknown challenges. We're pushing the boundaries of legal structures, business logic, and organizational models to create something truly innovative.

The ideas presented here are ambitious, but they're grounded in years of research, planning, and experience. We believe they're not just achievable, but necessary.

Artists and culture workers often shy away from conversations about money. When it comes to subjects like stock classes, corporate governance, legal entities, or organizational frameworks, we may lack the vocabulary to engage meaningfully. Discussions about money and business models can be uncomfortable, especially in creative circles. However, if we want to change systems, we have to demystify them first.

The road ahead will be challenging, but if we're successful, the impact on culture, technology, and business at large could be significant. Together, we have the opportunity to push a new way of doing business and a new era of shared ownership and control.

Important Note: The contents of this plan represent our current vision and plans for Subvert. However, it's crucial to understand that this is a living document — a starting point rather than a final destination. This document is intended as a proposal and an invitation for discussion. It is not a contract or guarantee of future actions. The ideas, structures, and strategies outlined here are subject to change as we progress, receive feedback, and undergo more extensive legal and financial review.

The Platform

Overview

Unaccountable governance of existing online music marketplaces necessitates a collectively owned alternative. Subvert is that alternative: A collectively owned online marketplace where musicians can sell music and merch to their supporters.

Problem

Bandcamp is often recognized as a critical piece of infrastructure for independent music. Once a beloved and trusted platform, Bandcamp has since changed ownership several times and begun losing that trust and goodwill. This highlights a central problem: Insecurity. Today, Bandcamp's musicians and their supporters are actively seeking alternatives. Yet any viable alternative would need to address the underlying cause of the issues that undermined Bandcamp: Misaligned interests between users and owners.

Opportunity

With the recent uncertainties surrounding platforms like Bandcamp, there is a growing demand for a resilient and reliable alternative in the music marketplace.

Product

Subvert is an online marketplace where musicians can sell music and merchandise to their supporters. Key features include:

+ Direct sales of digital downloads, physical media, and other merchandise;
+ Automated payment splits between collaborators;
+ Collective ownership through platform engagement.

Value

Our goal is to create a superior product while fostering loyalty through ownership incentives. Subvert's unique value proposition includes:

+ Improved platform features, like automated payment splits;
+ Contemporary design and user interface;
+ Simple and fair revenue sharing;
+ Collective ownership model rewarding artists, their supporters, and platform workers;
+ Interest alignment and confidence in governance through collective ownership.

The Model

Overview

The organizational model of Subvert is an innovative hybrid structure combining a cooperative with a corporation. This model is designed to balance collective ownership with the necessity of attracting investment to scale effectively.

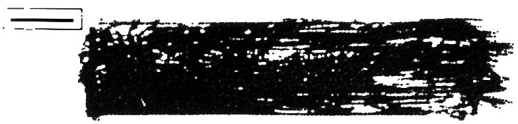
Problem

Platform cooperatives often struggle with accessing capital, scaling operations, and navigating complex legal landscapes. Meanwhile, traditional start-ups inherently face misaligned incentives, prioritizing the returns of investors over the needs of users.

Opportunity

The weaknesses of both cooperative platforms and traditional start-ups presents an opportunity to create a new model of ownership that prioritizes broadbased user ownership, while maintaining both cooperative control and competitive resourcing.

Solution



Subvert's hybrid structure consists of:

1. A Cooperative Entity (Limited Cooperative Association): Owned by co-op Members, consisting of artists, supporters, labels, and platform workers who altogether develop and maintain Subvert;
2. A Corporate Entity (Public Benefit Corporation): Owned by the Co-op, with additional shares possibly issued to investors.

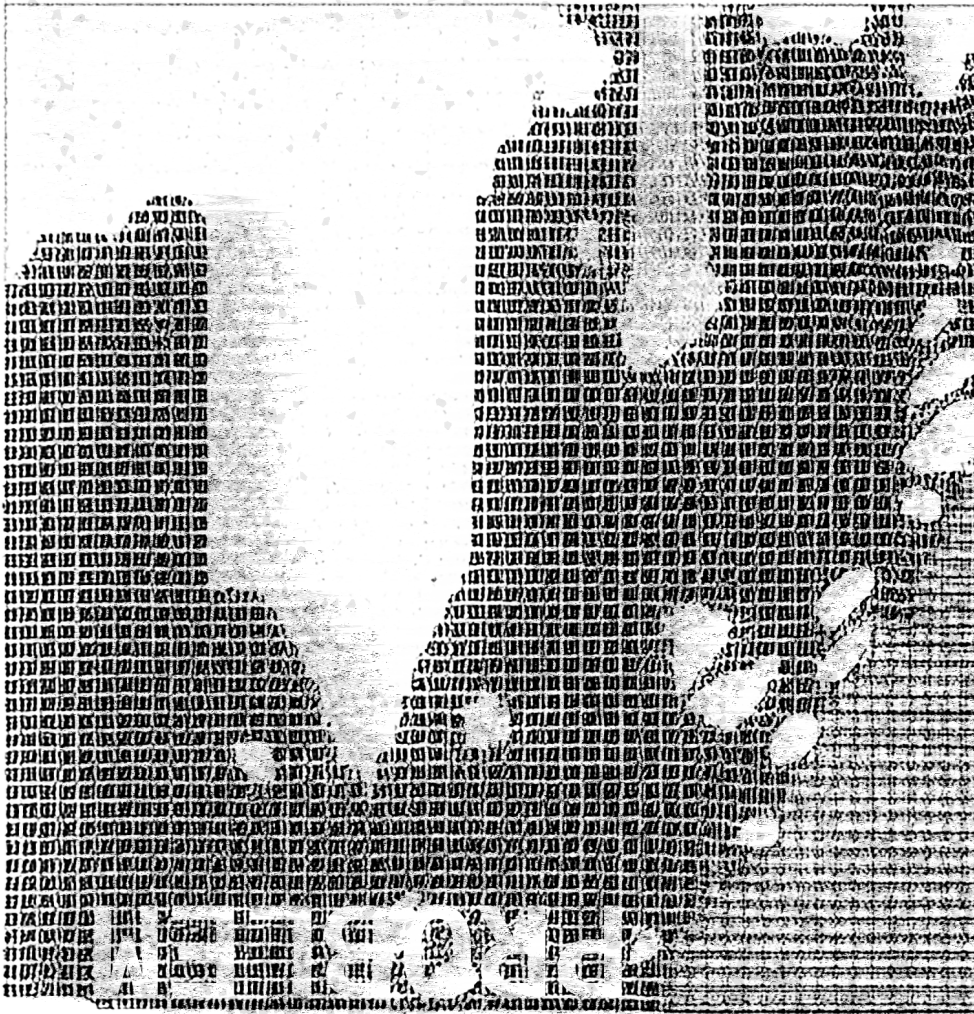
This structure allows for cooperative control of operations through the Co-op, while enabling traditional fundraising via the Corporation.

Value

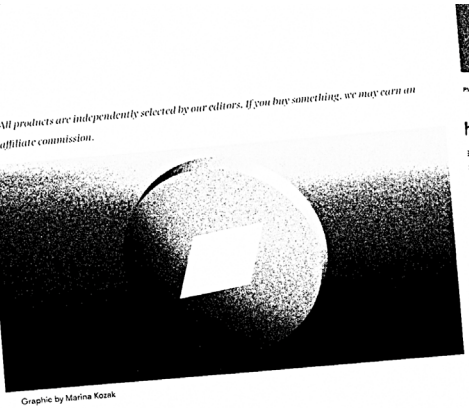
Subvert's organizational model offers:

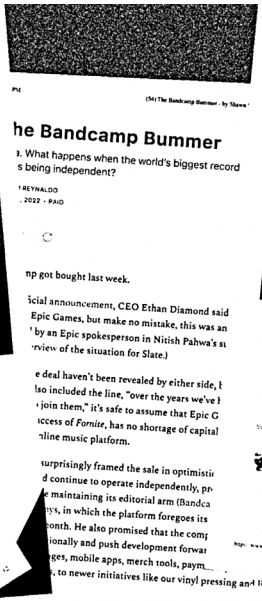
+ Collective ownership;
+ Alignment of incentives and interests;
+ Access to traditional fundraising;
+ Legal clarity and compliance;
+ Flexibility to adapt to changing market conditions;
+ Protection of user interests from investor pressure;
+ Replicable blueprint for collectively owned enterprises.

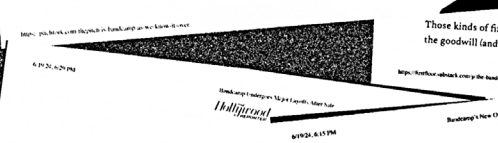
I.



Bandcamp's acquisitions by Epic Games in 2022 and then Songtradr in 2023 alienated its artists and their supporters, exposing the platform's vulnerabilities, eroding goodwill, and shaking confidence in its future.


All products are independently selected by our editors. If you buy something, we may earn an affiliate commission.
Graphic by Marina Kozak
THE PITCH
Is Bandcamp as We Know It Over?
Following its acquisition by the music licensing company Songtradr, layoffs spell trouble at the beloved online music platform.
By Philip Sherburne
October 17, 2023


he Bandcamp Bummer
What happens when the world's biggest record
s being independent?
np got bought last week.
icial announcement, CEO Ethan Diamond said
Epic Games, but make no mistake, this was an
by an Epic spokesperson in Nitish Pahwa's st
rview of the situation for Slate.)
e deal haven't been revealed by either side, b
lso included the line, "over the years we've l
join them," it's safe to assume that Epic G
ccess of Fortnite, has no shortage of capital
line music platform.
surprisingly framed the sale in optimistic
d continue to operate independently, pr
maintaining its editorial arm (Bandca
ys, in which the platform foregoes its
onth. He also promised that the comp
ionally and push development forwar
ges, mobile apps, merch tools, paym
, to newer initiatives like our vinyl pressing and
Those kinds of fixes and additions, if they do come to fruition, w
the goodwill (and revenue) that Bandcamp has generated over th



Bandcamp Undergoes Major Layoffs After Sale
After Epic Games sold off the music discovery platform, its new owners said the
offers to stay on.

Bandcamp's New Owner Has Gone After the Company's Unionized Workforce

BY
LUKE CARTLEDGE

Bandcamp was meant to be an alternative to the corporate behemo
music's streaming age, giving a better deal to independent artists. E
company's new owner, Songtradr, has suddenly laid off half its work
putting Bandcamp's future in jeopardy.

r/indieheads
Create
Listen
Epic Games cuts almost half of Bandcamp pre-Songtradr sale
EPIC GAMES
+
bandcamp
gamesdeveloper.com
Open
Archived post. New comments cannot be posted and votes cannot be cast.
419
88
Share
Sort by: Best
Search Comments
reeryreddits
Understanding that Bandcamp is like the last bastion of hope for like fair and equitable independent music distribution, we need something like "Bandcamp, but better" in its place. I'm not saying it's easy to spin up another Bandcamp when everything from the brand recognition and resources is already with Bandcamp, but if you build "Bandcamp, but better" surely they would come. Hit Bandcamp where it hurts, no Caroline shit

On Wednesday, the independent digital music marketplace/publication/streaming service/former startup Bandcamp made a startling announcement: It was "joining" the video game company Epic Games, perhaps best known as the maker of *Fortnite* and plaintiff in an antitrust lawsuit against Apple's app store and its dominance of virtual gaming. In a statement, Epic wrote that "Bandcamp will play an important role in Epic's vision to build out a creator marketplace ecosystem for content, technology, games and

Gold Flake Paint
@GoldFlakePaint

The Bandcamp news is proper gutting. Why does everything have to be so relentlessly shite?

2:32 PM · Oct 16, 2023 · **18.9K** Views

Bang Bang Bart
@Cormac_McCafe

…e loss of pitchfork and bandcamp within a year of each other is …fathomably grim news for independent music

…5 AM · Jan 20, 2024 · **1,271** Views

3 32

colliope rhombus
@disappearingdrs

Enshittification is now the dominant tech business plan.

3:22 PM · Oct 16, 2023 · **21.1K** Views

2 27 403 4

…16, 2023 · **4,340** Vie…

8

Grant Sharples
@grantsharpies

Bandcamp is falling apart. Spotify is somehow paying artists even less money. Like, where do we go lol

Good Willsmith
@GoodWillsmith

big tech is poison. Bandcamp, while not perfect ofc, is an aberration as a platform that centers its users & enables them to earn in a way that doesn't flagrantly benefit those at the top & so of course it must be hollowed out & molded into its own opposite by any means necessary

7:50 PM · Oct 16, 2023 · **17.6K** Views

3 42 443 3

Ben Prunty
@benprunty

Bandcamp really should have stayed independent because now it's just a gambling chip for rich people

Jason Schreier @jasonschreier · Sep 28, 2023
Replying to @jasonschreier
Epic is also divesting from two previous acquisitions, sources say. It is selling music site Bandcamp to the marketer Songtradr and spinning out marketing company SuperAwesome to operate independently.

1:03 PM · Sep 28, 2023 · **12.3K** Views

3 423 6

Mike Sugarman
@sug_online

tbh I think the thing burn… Bandcamp is that we're t… room in the current way … sustainable success that … opting into it. the sane op… very long.

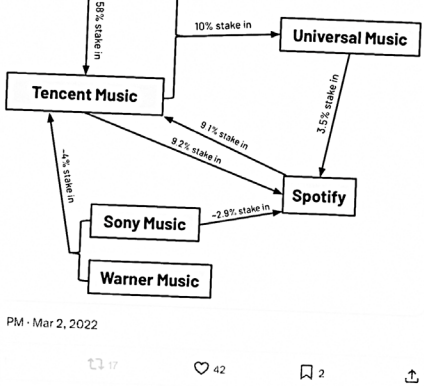
7:09 PM · Mar 2, 2022

8,693 Likes **1,437** Retweets

Bandcamp's new owner Epic (who owns Fortnite) is itself owned largely by Tencent, the corporation that runs League of Legends, owns the largest Chinese music streaming service, and is part owner in Spotify and the major labels.

Not so independent anymore.

cherie hu @cheriehu42 · Jan 5, 2020
my attempt to make sense of this somewhat incestuous new music-industry landscape:



PM · Mar 2, 2022

17 42 2

AmericanTruckSongs9
@ethangach

BREAKING: Epic Games lays off roughly 50% of Bandcamp amidst its sale to Songtradr.

The Fortnite maker purchased the music platform just last year but is now spinning it off amid massive cost cutting.

Sean Adams
@seaninsound

We need a cultural shift of people paying for the things they value and paying it forward for those who can't afford it

Bandcamp has been a lifeline to artists and independent labels

Things feel bleak but maybe this is a time to come together a build a new ecosystem?

Loud And Quiet @LoudAndQuietMag · Oct 16, 2023
I look at what's happening to a platform as important as @Bandcamp and further think what chance has the rest of independent music (and the music press) really got? The whole industry is in a very bad spot, and it goes extremely deep once you dig at it just a little

…ams
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…nely Ghost (4.0 by Leave Nels…
…onelyghostrecs
…appening with Bandcamp fe…
…surface level implies. We ar…
…k anything that allows for pe…
…without their direct approval
…ct 16, 2023 · **276.5K** Views
1.2K

…Personally I … make music to share it. But we need … need fair competition, we need regulation of the industry, and we need labor protection. Nothing that hasn't happened before, just not for us …s, we…

Bandcamp Timeline

2007 **Founding, "Seed" Funding**

+ Founded by Ethan Diamond, Shawn Grunberger, Joe Holt, and Neal Tucker
+ Created to provide artists with means of selling directly to their supporters
+ Raised initial "Seed" funding to build platform
+ 10 to 20% of ownership is typically sold to investors for "Seed" funding

2008 **Launch, "Series A" Funding**

+ Officially launched, focusing on direct sales for independent artists
+ Secured additional funding during "Series A" to support growth
+ 15 to 30% of ownership is typically sold to investors during "Series A" funding

2009-2011 **Early Growth**

+ Grew user base of artists, refined platform

2012 **Profitability**

+ Became profitable

2014 **Expansion to Labels**

+ Launched features specifically for labels
+ Attracted notable independent labels like Sub Pop and Fat Wreck Chords

2015 **Mobile App**

+ Released mobile app for iOS and Android

2016 **Bandcamp Daily**

+ Launched Bandcamp Daily, online music publication highlighting artists on the platform

2017-2019 **Continued Growth**

+ Continued to expand features, user base of artists
+ Fueled sales of vinyl records, other physical media

2020 **Pandemic Response, Major Catalog Additions, "Series B" Funding**

+ Introduced "Bandcamp Fridays" in response to COVID-19, waiving revenue share on the first Friday of each month
+ Attracted notable artists like Björk and record labels like Warp
+ Raised $40 million in "Series B" from investors, according to Tracxn

2021 **Continuation of "Bandcamp Fridays"**

+ Continued initiative due to its success, ongoing pandemic challenges

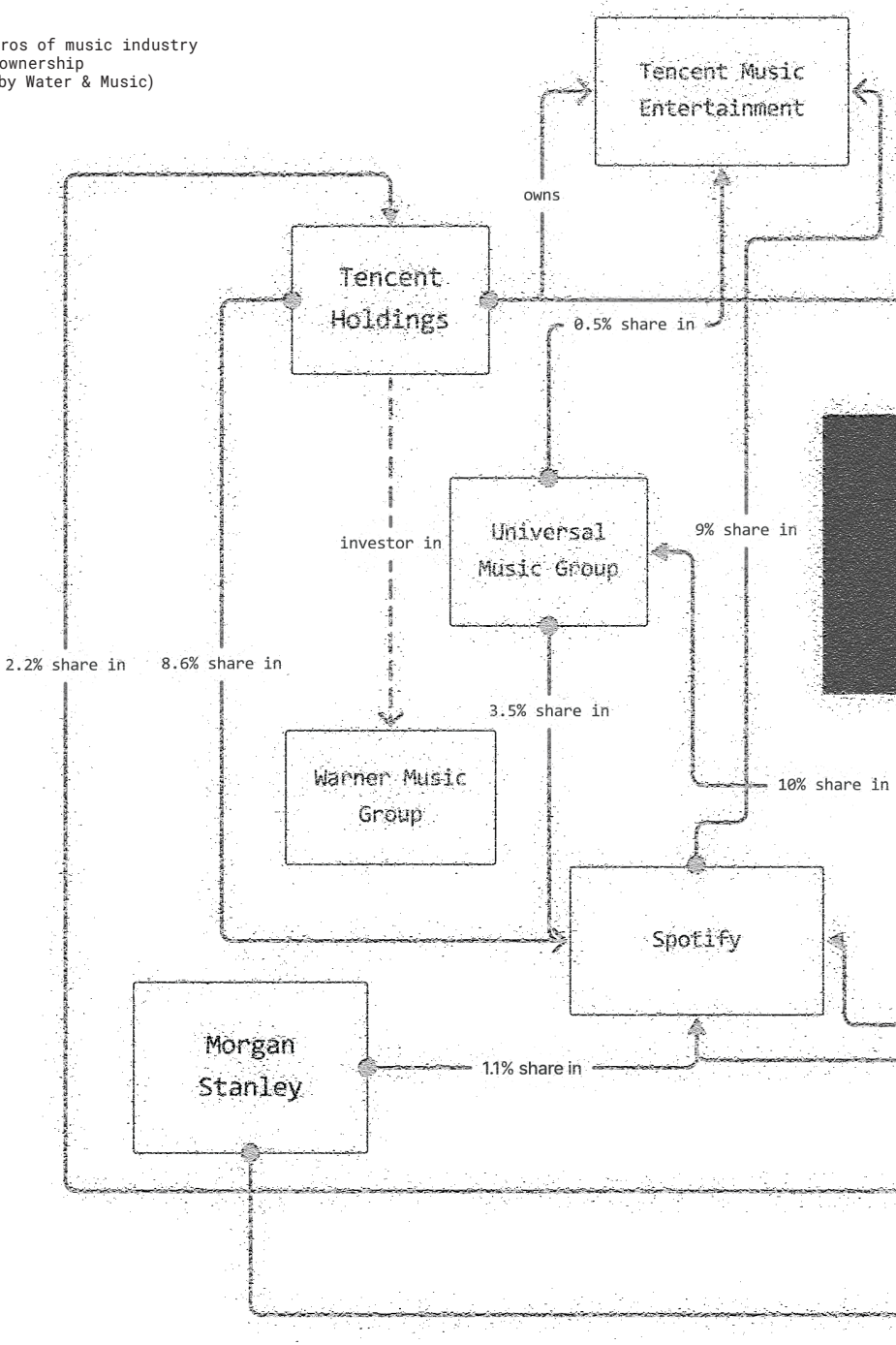
2022 **Acquisition by Epic Games**

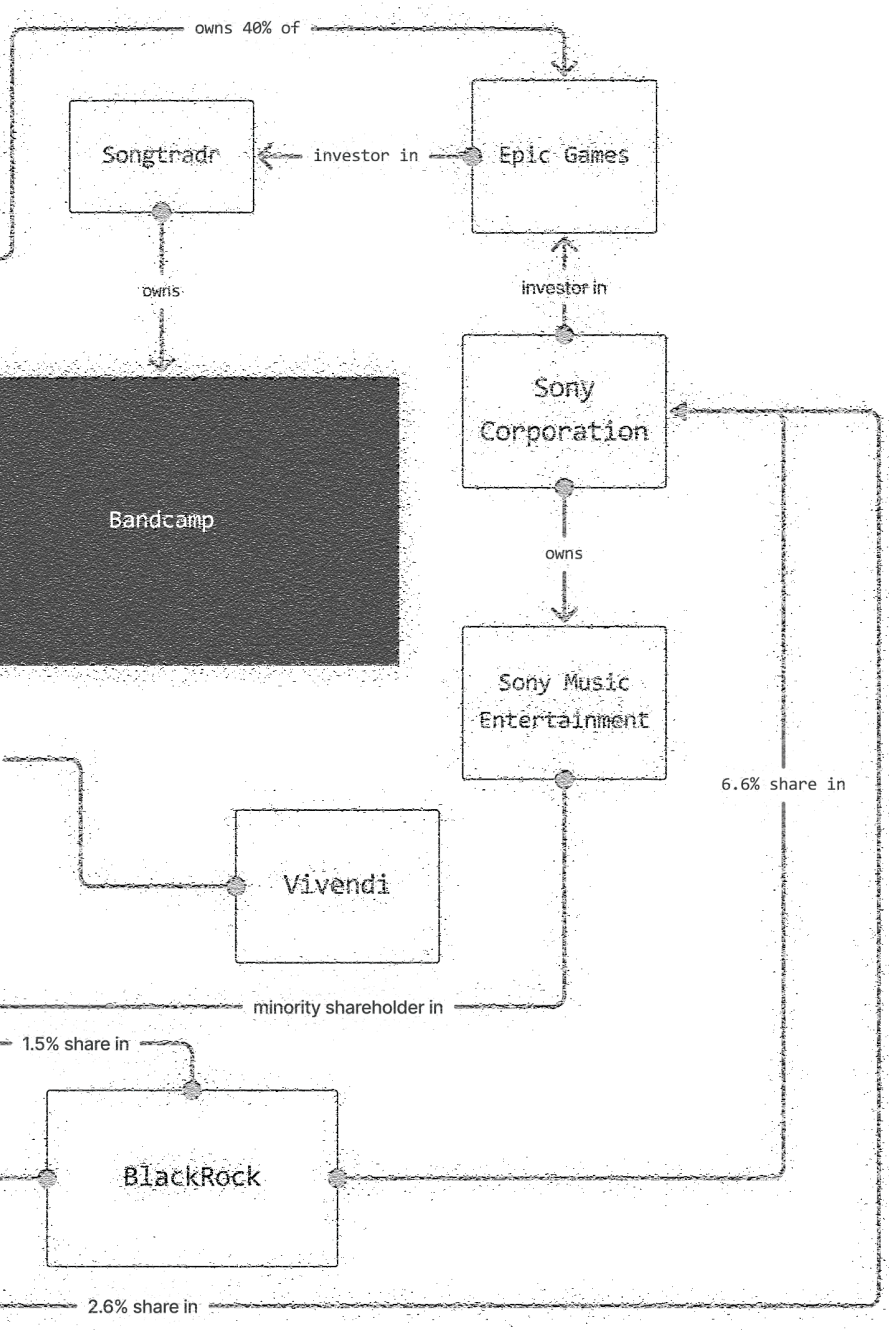
+ Announced acquisition by Epic Games via blog post

2023 **Unionization, Sale to Songtradr**

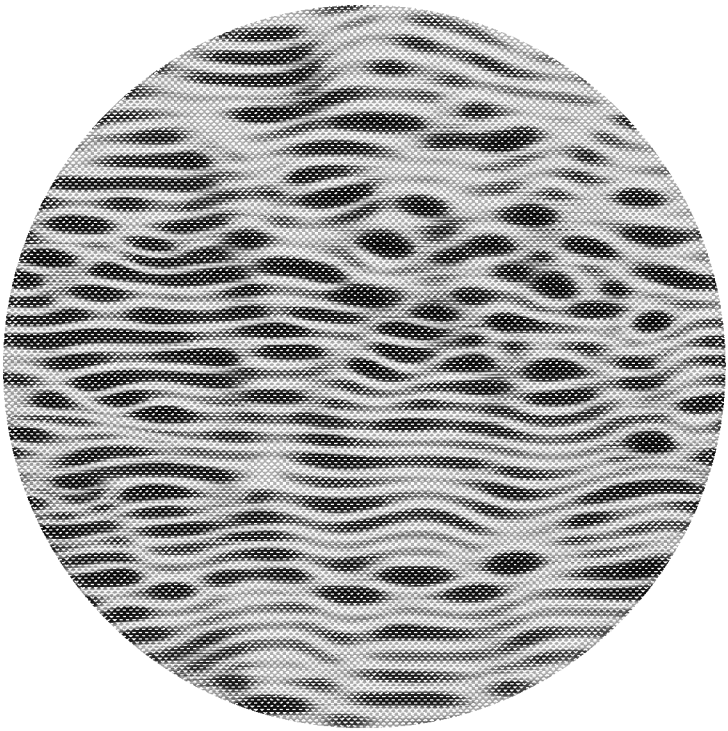
+ Saw workers vote to unionize, forming Bandcamp United
+ Sold by Epic Games to Songtradr
+ Laid off half of workforce, including many union members
+ Accused of Unfair Labor Practice violation by Bandcamp United

Fig. 2.1.
The ouroboros of music industry corporate ownership
(Inspired by Water & Music)




owns 40% of
Songtradr
investor in
Epic Games
owns
investor in
Bandcamp
Sony Corporation
owns
Sony Music Entertainment
6.6% share in
Vivendi
minority shareholder in
1.5% share in
BlackRock
2.6% share in

Subvert's Community Ownership



Artists, Workers, Supporters, and Labels

Fig. 2.2.
The Subvert Co-op holds 100% of the founding shares of the Subvert Corporation, which owns all intangible assets, trademarks, patents, and trade secrets related to the platform

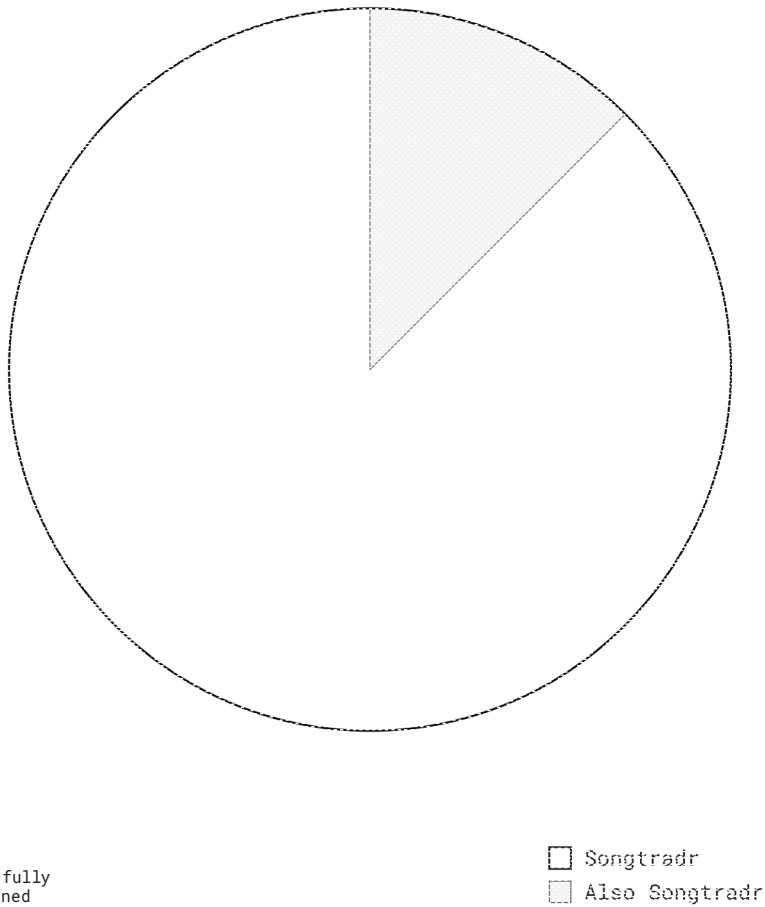


Fig. 2.3.
Bandcamp is fully corporate-owned as a subsidiary of Songtradr, a B2B music licensing company that has raised over $150 million across eight funding rounds

Why an Alternative to Bandcamp?

Improving a Critical Utility

Bandcamp is essential infrastructure for independent artists. Intervening here to build an alternative with collective ownership offers an opportunity for greater impact across the music industry.

Raising the Bar

Rather than merely resisting the worst offenders, Subvert aims to be more imaginative and bold, pushing the boundaries of what's possible in online music marketplaces. Challenging a "better" platform like Bandcamp pushes for higher standards industry-wide, preventing complacency.

Moving Beyond Corporate Altruism

Subvert seeks to create a system of true collective ownership and control, rather than relying on corporate benevolence, which can be withdrawn as easily as it is extended.

Problems with the Platform Economy

Looking at our current platform economy, which extends from Bandcamp to Facebook and beyond, there isn't much to be optimistic about. The landscape is dominated by incumbents that no one likes anymore — yet there aren't many good ideas about how to replace them. Some issues include:

Platform Insecurity

Users are increasingly dependent on platforms that can unilaterally change terms, ownership, or services, leaving them vulnerable.

"Enshittification"

As coined by Cory Doctorow, this term describes the gradual decline of platforms as they prioritize value extraction for investors over value creation for users.

Value Extraction

Users generate immense value for platforms, but this value is extracted and retained by a small group of owners and investors.

Lack of Transparency

Platforms' use of opaque algorithms, finances, and governance create a problematic asymmetry of information, with users left in the dark.

Misalignment of Incentives

Platforms prioritize immediate returns to investors over long-term sustainability of the platform itself, as well as the wellbeing of its users.

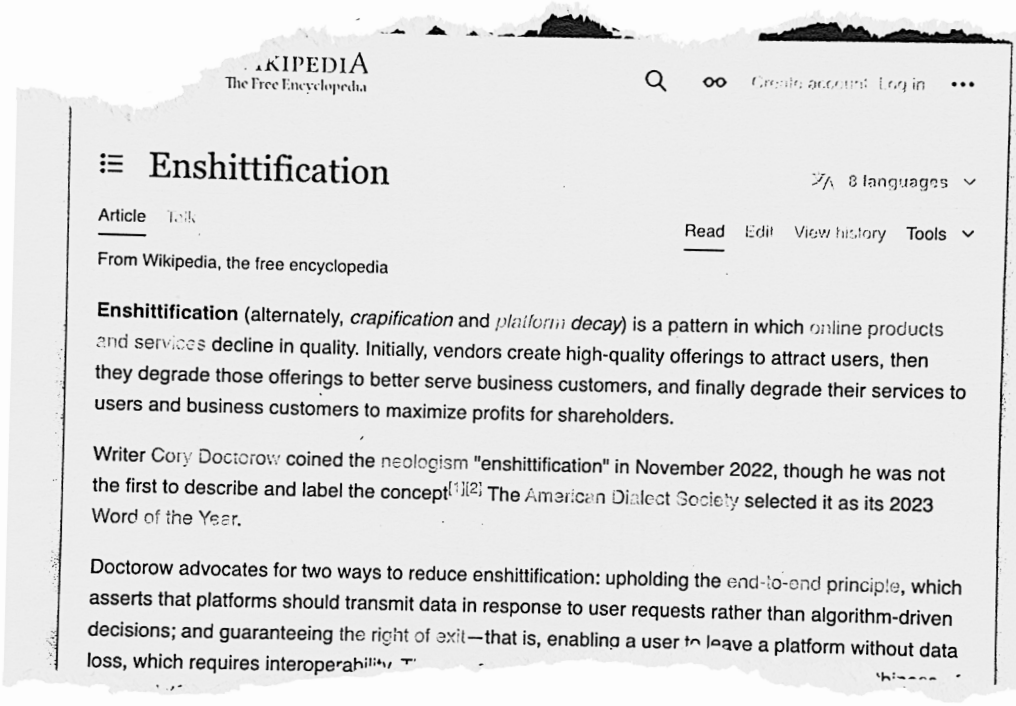

IKIPEDIA
The Free Encyclopedia
Create account Log in
Enshittification
8 languages
Article Talk
Read Edit View history Tools
From Wikipedia, the free encyclopedia
Enshittification (alternately, crapification and platform decay) is a pattern in which online products and services decline in quality. Initially, vendors create high-quality offerings to attract users, then they degrade those offerings to better serve business customers, and finally degrade their services to users and business customers to maximize profits for shareholders.
Writer Cory Doctorow coined the neologism "enshittification" in November 2022, though he was not the first to describe and label the concept[1][2] The American Dialect Society selected it as its 2023 Word of the Year.
Doctorow advocates for two ways to reduce enshittification: upholding the end-to-end principle, which asserts that platforms should transmit data in response to user requests rather than algorithm-driven decisions; and guaranteeing the right of exit—that is, enabling a user to leave a platform without data loss, which requires interoperability

Fig. 2.4. Bandcamp included on the Wikipedia page for Enshittification

Network Effect Lock-in

The utility that users experience on larger platforms prevents them from leaving for smaller alternatives, locking them in even as the service deteriorates.

Platform Risk

When users invest their time, energy, and resources in particular platforms, they become dependent upon those platforms, exposing them to the risks inherent in potential changes of platform policy, technology, or even viability.

Problems in the Music Industry

"The music industry works exactly as it should. It's a perfectly balanced ecosystem in which artists are fairly compensated for their work and innovative new talent is consistently discovered and promoted based solely on merit. Clearly, there's no need for any reform or improvement in this bastion of artistic integrity and equity."

– No One, Ever

While many of the problems in the music industry predate the current platform economy, they have nevertheless been exacerbated by the faults of the latter. These issues include:

Unfair Compensation

The current streaming-dominated industry fails to provide adequate compensation for artists.

Industry Consolidation

A small number of large corporations dominate various sectors of the industry, from streaming platforms to labels and live music venues.

Lack of Innovation

Despite widespread recognition of these issues, proposed solutions often fail to challenge the fundamental structures causing these problems.

Unconstructive Criticism

There's an abundance of criticism of the industry, but a shortage of efforts to constructively address the issues.

Misaligned Incentives

As with the platform economy, even the most "artist-friendly" music services have traditional ownership structures that prioritize investors over artists.

Problems with Bandcamp

At the intersection of the platform economy and the music industry, Bandcamp faces the problems of both. Despite its importance to independent musicians, the platform continues to struggle with:

Ownership Changes

Back-to-back changes in ownership have led to a loss of trust and confidence among artists and their supporters.

Insecurity

Artists and their supporters are increasingly concerned about the platform's long- term stability and commitment to its original values.

Innovation Lag

Bandcamp has been slow to innovate, with a brand and product that has been outpaced by competitors.

Community Disconnect

There's a growing disconnect between the platform's decision-making and the needs of its artists and their communities.

Technical Debt

Bandcamp's platform is built on an aging tech stack, leading to technical limitations that hinder quick updates and feature releases.

Payment Limitations

The platform continues to rely on PayPal to pay artists, even as online payment methods have proliferated.

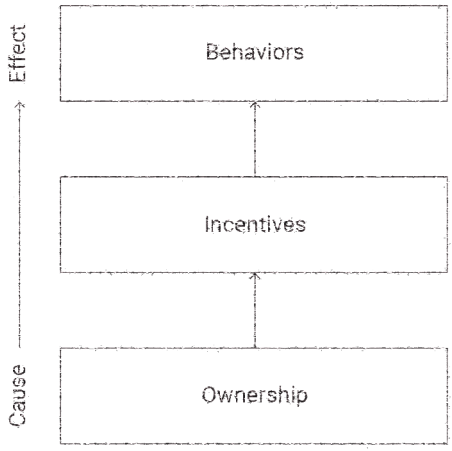


Fig. 2.5. The Systems Stack
Ownership structures form the foundation of our systems. These structures shape incentives, which in turn drive behavior. To change behavior, we must therefore first address ownership. Effective stewardship of shared resources requires more than faith in the integrity of unaccountable owners — it demands structural changes in ownership

Developing Solutions

Systemic problems require systemic solutions. In order to address such problems, solutions must be:

Systems-level Interventions

We must tackle root causes rather than symptoms, addressing the underlying structures that perpetuate problems.

Bold and Actionable

Our solutions need to be ambitious in scope yet practical in implementation, pushing boundaries while remaining achievable.

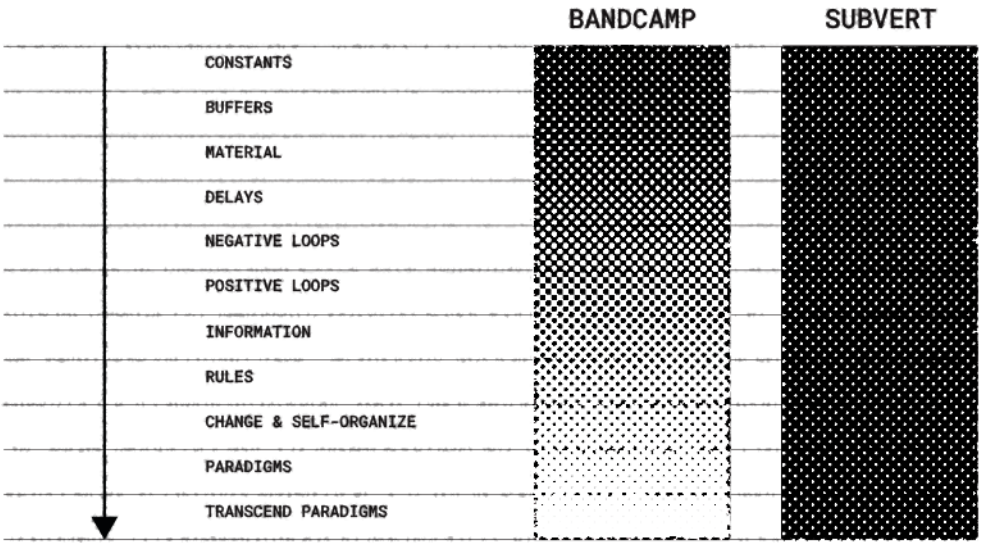


Fig. 2.6.
An illustration of Donella Meadows' hierarchy of leverage points in complex systems. Deeper interventions yield more effective changes in a system's behavior

Collectively Owned and Governed

We need to ensure that those most affected by a system have the final say in its operation and evolution.

Scalable and Replicable

Our approach should be adaptable to different contexts and able to grow, serving as a model for change beyond just one platform or industry.

Economically Sustainable

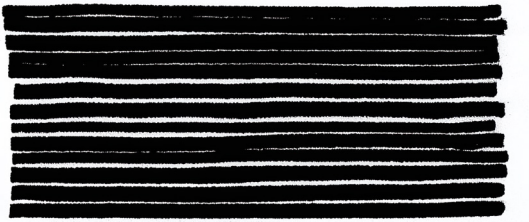
Solutions must find ways to attract adequate capital for growth and maintenance, while ensuring that collective ownership remains protected.

Transparent and Accountable

We must prioritize the implementation of open processes and clear mechanisms for input and oversight.

Designed to Preserve Integrity

Solutions need to be structured with built-in safeguards and principles that ensure fidelity, regardless of external pressure.



Systems Intervention

Intervening in a system requires understanding its structure and dynamics. The path forward involves radically reimagining platforms, from their foundations up.

Bandcamp operates primarily at the surface level of the music industry. It focuses on adjusting parameters (artist-friendly pricing or revenue share percentages) and rules (guidelines like its fair trade policy) within the existing structure. While innovative at the time of its launch, Bandcamp's interventions did not fundamentally alter the industry's structure, goals, and paradigms. Bandcamp may be of use to artists, but it functions within the paradigms established by the music industry and platform economy.

In contrast, Subvert aims to intervene at much deeper levels, targeting fundamental structures, goals, and paradigms of the music industry and platform economy.

Structures

+ Redefine Platform-User Relationship: Transform users into co-owners

Goals

+ Realign Interests: Move from profit maximization for investors to collective benefits for platform users and workers alike

Paradigms

+ Reimagine Ownership: Demonstrate a viable alternative to traditional corporate ownership via collective ownership
+ Transform Creative Economies: Model the foundation for a new cooperative economy of interconnected artist-owned enterprises
+ Challenge Power Structures: Demonstrate the effectiveness and practicality of broad-based decision-making

Our Crisis of Imagination

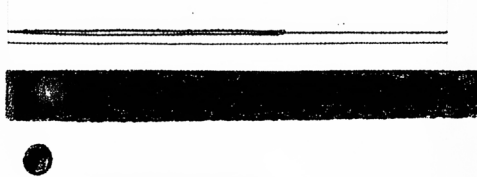
Our ability to create meaningful systems interventions is often limited not by legal, technical, or organizational constraints, but by our imaginations.

In Silicon Valley, imagination runs wild. Start-ups promise to disrupt everything from how we hail a cab to how we brush our teeth — yet creativity stops when it comes to reimagining the fundamental structure of those businesses themselves.

Diverge from corporate ownership? Impossible. Democratize decision-making? Not practical. Put users on the board of directors? Are you out of your mind?

We're trapped in an era of fatalism, unable to envision alternatives to the models of ownership and funding beyond current extractive defaults. We've agreed that innovation can touch every aspect of our lives — except the structures that shape them. This isn't just a failure of imagination — it's a feature of those very structures. The beneficiaries of the status quo are unlikely to dream up its replacement.

The solution? We need to rewild our imaginations. We need to challenge the boundaries of what's possible, touching the very nerves of the system: ownership, value, and control.



Here's our vision:

A platform owned not by a handful of investors, but by hundreds of thousands – even millions – of users;

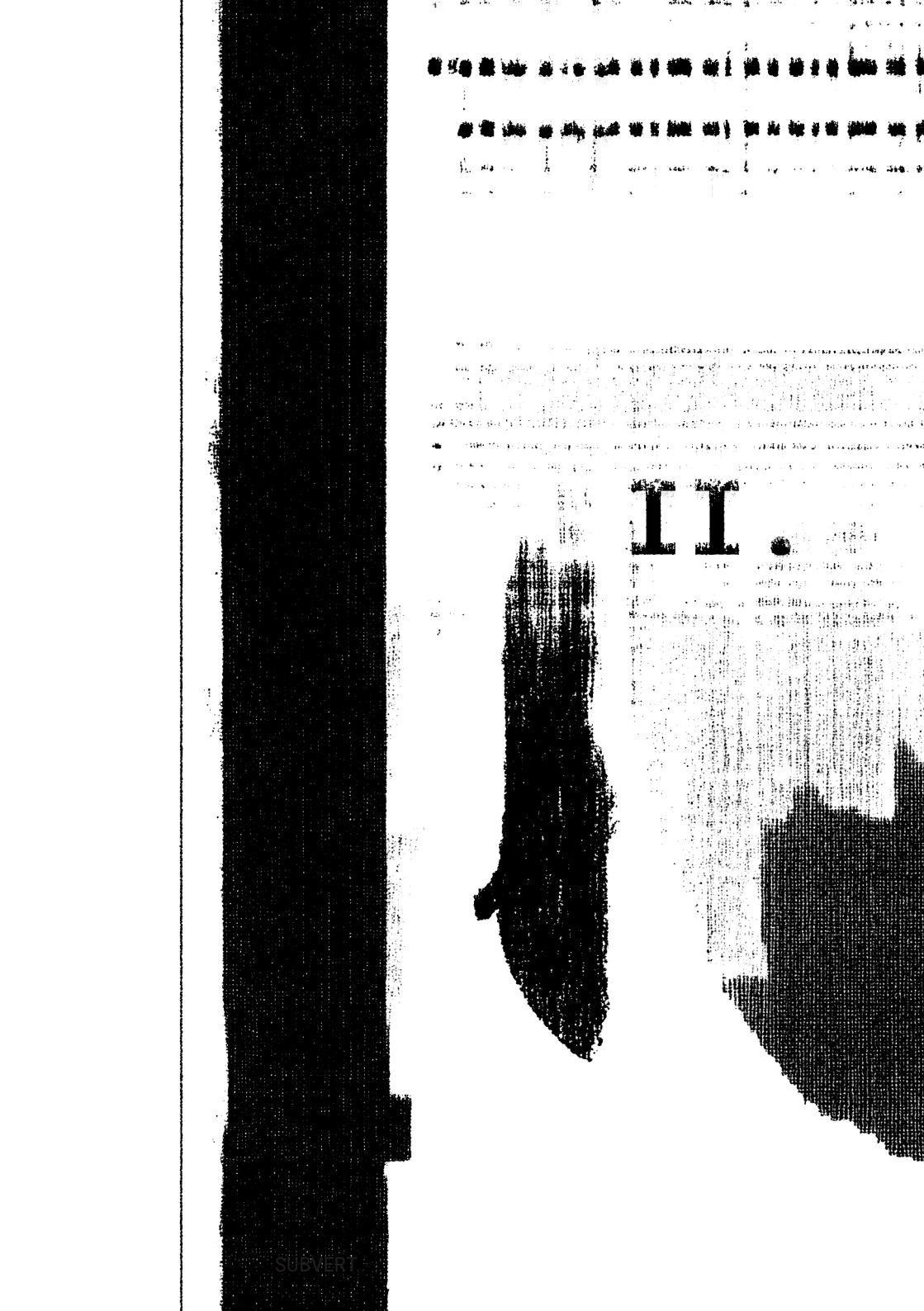
A replicable model for creating collectively owned and controlled enterprises;

An economy where value flows to those who create it – not just those who invest in it.

In start-up parlance, imagination is the ultimate disrupter. We're accustomed to thinking that disruption comes from technological innovation, but the next wave will stem from organizational innovation.

For decades, the start-up world has shown an incredible ability to re-envision nearly every facet of our lives. It's time to reorient this creativity. Let's rethink ownership models. Let's reimagine value distribution. Let's redefine success beyond profit.

In the start-up world, the most successful ventures often seemed impossible at first glance. Subvert is applying that same audacious thinking to the systems at the foundation of our economy. The next great disruption might not be an app — it could be a new way of doing business, together.


II.

LANDSCAPE

On Competition

"... We desperately need a host of competitors, a vibrant ecosystem to diversify the market and encourage innovations that will improve the current situation for artists, labels, and fans alike."

– Philip Sherburne in Pitchfork,
"Is Bandcamp as We Know It Over?"

Subvert takes a nuanced and constructive approach towards competition. While we aim to challenge incumbents and disrupt the status quo, our strategy is guided by the mantra of "Something to Say 'Yes' to," rather than simply critiquing existing structures.

Something to Say "Yes" to:

- **+** Shared ownership
- **+** Distributed upside
- **+** Greater transparency and accountability
- **+** Cooperative values
- **+** Shared success

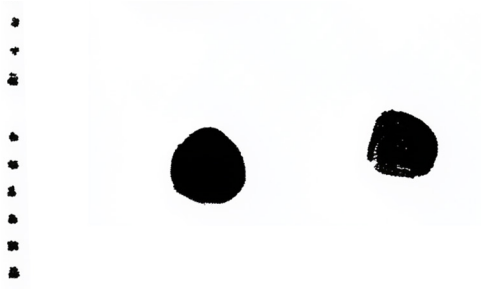
While Subvert competes against traditional corporate models and power structures, we also recognize that transforming the creative economy requires a supportive ecosystem in which multiple organizations with shared values can not only coexist, but mutually benefit each other to thrive. This means extending a hand to like-minded organizations and individuals, understanding that there will be multiple, and sometimes only partial, attempts at building meaningful and lasting systemic solutions.

Our Real Competition: Cynicism

Our main competition is not Bandcamp or another company. It's cynicism.

The concept of a collectively owned platform like Subvert is difficult to argue against on principle. Among early responses, we have observed a consensus that something like Subvert should exist. Yet, we have also encountered some resistance, not because people disagree with Subvert's vision, but because some struggle to believe it's possible. This skepticism stems from a hardened cynicism, a belief that meaningful systemic change is unattainable or that individual interests are irreconcilable with beneficial collective outcomes.

We empathize with this position. Cynicism is a natural response to feeling like we have an inability to affect change. However, this sentiment also reveals an opportunity. When we demonstrate that a collectively owned Bandcamp successor is not only possible but can achieve widespread adoption and deliver an exceptional user experience, we can defeat this default skepticism. After people realize that this is possible, there is nothing stopping Subvert from eclipsing Bandcamp from an unassailable and highly defensible position. Soon, collective ownership of platforms will be seen as obvious and inevitable.



We are competing against:

+ The notion that "it's always been this way"
+ Doubts about the feasibility of large-scale cooperative ownership
+ The limits of our collective imagination
+ The comfort of the status quo, even when it's unsatisfactory

How Bandcamp Works

Bandcamp is an online platform where artists can sell their music and merch directly to supporters. Artists upload their work and set prices, with the option to let supporters pay more if they choose. Fans can buy digital downloads, physical media like vinyl records or CDs, and even artist merch. Bandcamp also offers premium services for artists and labels who want extra features. The platform makes money by taking a percentage of each sale, while giving most of the revenue to the artists.

Bandcamp's Revenue Model

Sales Commission:

- 15% on digital sales (10% for artists exceeding $5,000 in sales)
- 10% on physical media and merch

Subscription Services:

- Bandcamp Pro: $10/month
- Bandcamp for Labels: $20/month (up to 15 artists) or $50/month (unlimited artists)

Revenue Breakdown:

- 80% from sales commissions
- 20% from subscription services

Bandcamp by the Numbers

In projecting the viability of Subvert, we have looked to Bandcamp's business. While Bandcamp has not publicly disclosed financial data, we are able to make estimations based on statements made by the company over the years. Although some of our assumptions may not be exact, here is a look at a reasonable financial analysis of Bandcamp's business:

Financial Performance

Cumulative Payouts:
- By 2020: $518 million paid to artists since founding
- By 2024: $1.3 billion paid to artists and labels

2022 Revenue: $20 million
2023 Revenue: $33 million

In the last year, supporters have spent $192 million on Bandcamp

Sales Categories and Pricing

Bandcamp's inferred sales data reveals insights into revenue distribution across different release categories. The table to the right breaks down rough estimates of sales volume, average prices, actual payments (when supporters choose to pay more), and revenue share for each category.

CATEGORY	% OF SALES VOLUME	AVG PRICE ($)	AVG PAYMENT ($)	% OF SALES REVNUE
DIGITAL TRACKS	25%	$1	$1.25	5%
DIGITAL ALBUMS	25%	$6.15	$7.50	16%
VINYL RECORDS	18%	$20	$23.50	30%
CASSETTES	2%	$13.50	$16.25	2%
CDS	25%	$13.50	$16.25	37%
MERCH	5%	$20	$23.50	10%

Fig. 3.1. An estimation of sales distribution and pricing inferred from available data

Insights

Digital vs. Physical Split

Digital releases (tracks + albums) account for half of sales volume but only 21% of revenue. Physical releases (vinyl records, cassettes, CDs, and merch) make up the other half of sales volume but 79% of revenue. Physical releases, despite slightly lower volume, drive the majority of revenue.

Vinyl's Importance

Vinyl records are a high-value release category for Bandcamp and represent 18% of sales volume but 30% of revenue.

Merch Potential

Merch is only 5% of sales volume but contributes 10% to revenue. By focusing on merch sales, Subvert plans to significantly grow this category.

Overall Average

The overall average payment for Bandcamp is estimated to be about $10.

Culture of Generosity

According to Bandcamp, payment is higher than the asking price about half the time.

Wider Market Analysis

Growth of Merch

In 2020, the market for global music merch was valued at approximately $3.5 billion, with projections indicating strong growth in the coming years. Analysts expect the market to expand at a compound annual growth rate (CAGR) of 8.5% from 2021 to 2030.

Online sales have accounted for 55% of music-related revenue in 2020. Among the various merch options, T-shirts are the most popular, representing 42% of total merch sales. The importance of merch extends beyond supplemental income, with around 35% of musicians relying on these sales as a primary source of income.

Decline of Digital Downloads

The global music downloads market is facing decline in the coming years. Projections suggest that this market segment will reach $1.23 billion by 2027, but is expected to experience a contraction of 3.29% between 2024 and 2027. This projected decline is primarily attributed to shifting consumer preference toward streaming services, which have been steadily gaining popularity over digital downloads.

Rise of Physical Media

The global market for physical music media has not only been resilient, but grown in recent years. Vinyl record sales have increased for 17 consecutive years, comprising more than half (54.4%) of all physical media sold in 2022. E-commerce facilitated most of those sales, accounting for 55% of all music revenue in 2020. Within e-commerce, platforms like Bandcamp were responsible for 70% of sales.

Physical Media

- Global Market
- 2022: $4.1 Billion
- 2023: $5.1 Billion

US Sales

- 2022: $480 Million
- 2023: $537 Million

Subvert's Positioning

Subvert will position itself to embrace growing markets and highlight its unique differentiators. We'll deliberately focus on the growing physical media market, creating a better experience for buying and selling merch and tangible goods. Subvert's collective ownership further strategically incentivizes both sides of the marketplace — artists and their supporters — to both buy and sell, contributing further benefits to all.

A Marketplace, Not a Streaming Platform

Subvert will be a comprehensive marketplace for digital downloads, physical media, and merch. This means focusing on creating better buying and selling experiences — rather than competing with listening services like Spotify.

An Emphasis on Physical Media and Merch

Subvert will prioritize physical media and merch in addition to offering digital downloads. Embracing both current and projected market trends will allow us to align with the increasing importance of physical media and merch as revenue streams for artists.

Superior Platform Experience

Subvert will create a more current and user-friendly experience than that offered by calcified platforms like Bandcamp. While not fundamentally reinventing the function of an online marketplace, we aim to improve every aspect of user experience, especially design.

Label Partnerships

Subvert will prioritize onboarding independent labels as early partners. Prioritizing labels acknowledges the reality of Bandcamp's distribution of sales: a relatively small number of artists are responsible for generating a vastly outsized percentage of sales. This will help onboard larger and more established catalogs and artist pages.

Collective Ownership

Subvert will leverage collective ownership as a key differentiator from competitors, helping to attract and build loyalty and community.

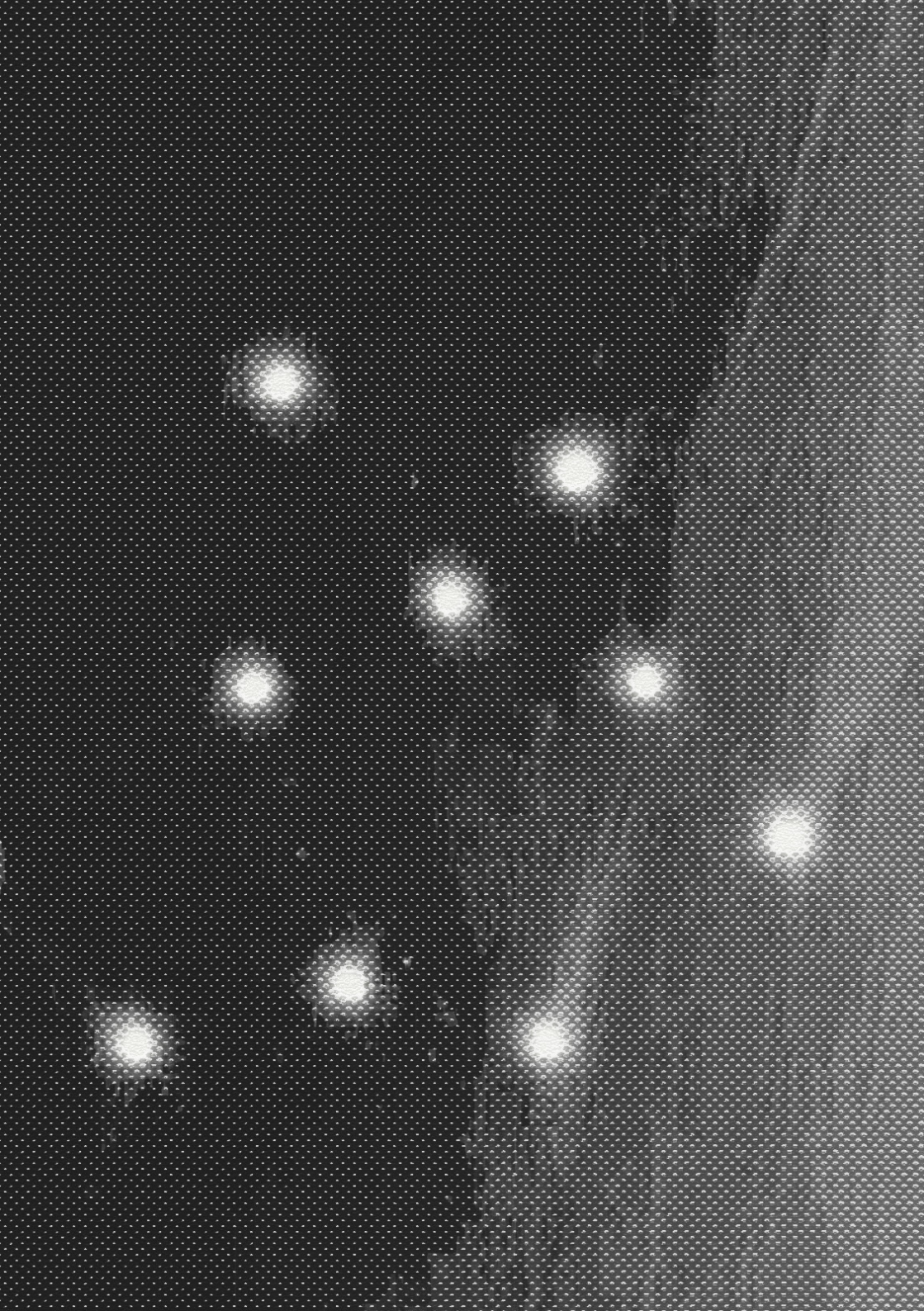
Ownership rewards will serve as a unique coordination mechanism to incentivize actions that benefit the healthy growth and sustainability of the platform, benefitting all stakeholders.

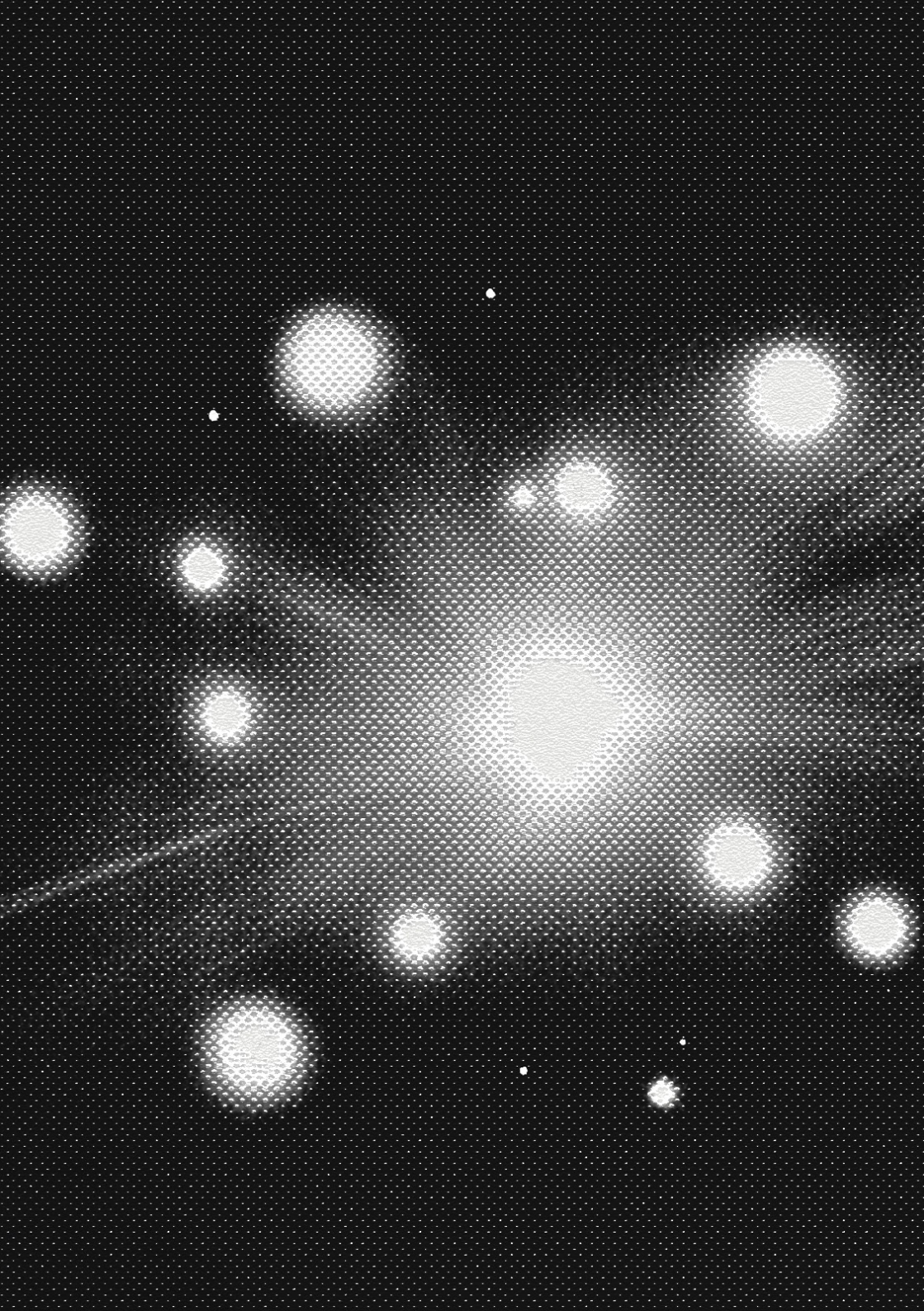
Subvert will differentiate itself with both a better platform and user experience. But we also want to go further, differentiating ourselves on values and practices.

	BANDCAMP
OWNERSHIP MODEL	PRIVATELY OWNED BY CORPORATE PARENT COMPANY
GOVERNANCE	TRADITIONAL CORPORATE STRUCTURE
DECISION MAKING	HIERARCHICAL AND AUTOCRATIC
BOARD OF DIRECTORS	INVESTORS
REVENUE MODEL	TRANSACTION FEES
USER ROLE	CREATORS, CONSUMERS
FUTURE	DIRECTED BY INVESTORS
CAP TABLE	UNKNOWN
INVESTMENT DETAILS	UNDISCLOSED
FINANCIAL TRANSPARENCY	OPAQUE
INDUSTRY IMPACT	AIMS TO IMPROVE ARTIST REVENUE

Fig. 3.2. Bandcamp vs. Subvert

	SUBVERT
	COLLECTIVELY OWNED BY CO-OP MEMBERS
	HETERARCHICAL AND DEMOCRATIC
	HETERARCHICAL AND DEMOCRATIC
	ELECTED MEMBER REPRESENTATIVES
	TRANSACTION FEES, CO-OP MEMBERSHIPS
	CO-OWNERS
	DIRECTED BY MEMBERS
	TRANSPARENT
	TRANSPARENT
	TRANSPARENT
	AIMS TO TRANSFORM ECONOMY





III.

MODEL

The Subvert Model

At the core of Subvert is an innovative underlying legal and organizational framework designed to allow for collective ownership and governance. The “Subvert Model” is a comprehensive set of legal and organizational structures and agreements that, in this context, enable the creation of a user-owned online marketplace. However, this model is also designed to be adaptable across industries and applications, both online and offline. It empowers customers or community members to become co-owners of new and existing businesses, aligning incentives while maintaining flexibility in funding options.

Why Current User Ownership Models Fall Short

Sharing ownership with platform users is surprisingly difficult, with existing methods proving to be impractical strategies for enabling user ownership online.

Traditional equity-sharing vehicles like stock, stock options, ESOPs (Employee Stock Ownership Plans), or trusts face legal restrictions and can limit participation to accredited shareholders.

Phantom RSUs (Restricted Stock Units) and phantom stock can be issued to users, but this method can create complicated capital structures, may potentially result in tax penalties, and doesn't confer governance rights for users.

Profit sharing alone confers no governance rights and pales in comparison to the value of equity ownership. Furthermore, profit sharing may not result in meaningful distributions and leaves users empty-handed in the event of a company sale.

Blockchain-based tokens, often touted as a solution, lack substance in terms of ownership. They typically offer no rights to profits and their liquidity creates a toxic dynamic centered on short-term speculation rather than long-term platform success.

Equity crowdfunding offers one way to extend ownership to users, but this approach only allows users who choose to financially invest to become co-owners. It limits participation to a user's financial contribution, rather than enabling them to earn ownership through action.

Even cooperatives face shortcomings. Their structure limits their ability to sell equity, excluding them from traditional funding sources. Also, their inherent for-profit status limits their ability to accept grants and receive support from nonprofits and foundations. There are additional limits to a cooperative's ability to fundraise via debt instruments as well, with returns being capped at 8% to maintain Subchapter T exemption, the Internal Revenue Code that governs treatment of cooperatives.

These limitations underscore the need for innovative approaches that can effectively and legally distribute ownership among users at scale, while maintaining a healthy business structure and culture. The Subvert Model directly addresses these challenges. By utilizing a dual-entity structure with a Cooperative and a Corporation, it provides a legally compliant framework for widespread user ownership.

The Subvert Model aims to be a pragmatic blueprint for building collectively owned enterprises that can scale and succeed in the market, while staying true to cooperative principles.

Subvert Model Objectives

1. Share platform ownership with users through a simple, fluid system that's intuitive to understand and effortless to participate in.
2. Enable a worldwide user base to become co-owners, without geographic restrictions.
3. Structure the distribution of ownership to avoid creating immediate tax burdens for users, allowing them to accrue value over time without short-term financial complications.
4. Implement a secure legal framework that allows users to enjoy the benefits of ownership without exposing them to personal liability risks.
5. Provide users with a clear, measurable representation of their ownership stake, reinforcing the real-world value of their participation in the platform.

How the Subvert Model Works

At its core, the Subvert Model utilizes two entities:

A Cooperative (Limited Cooperative Association):

- Owned by Co-op Members, which includes platform users
- Responsible for platform development and operations
- Houses 100 percent of common shares in the Corporation

A Corporation (Public Benefit Corporation):

- Houses the platform
- Can issue preferred shares to investors
- Contracts the Co-op to develop and operate the platform

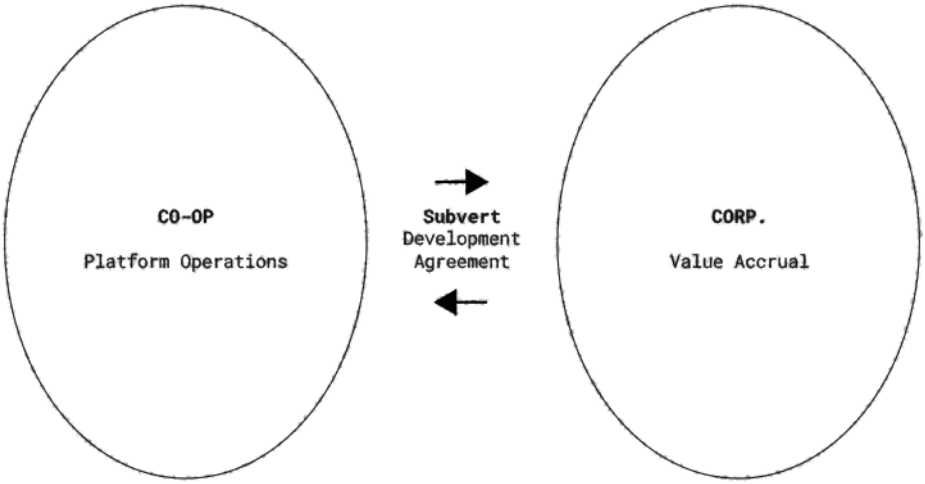


Fig. 4.1. The Subvert Model leverages two legal entities to combine collective ownership with traditional fundraising optionality

This unique structure allows the Co-op and the Corporation to work in tandem:

- The Co-op is governed democratically by Co-op Members.
- The Corporation is governed by a Board, which includes representatives of the Co-op and possibly investors.
- The Corporation licenses the platform to the Co-op through a comprehensive development agreement.
- The Corporation contracts the Co-op to build and maintain the platform.
- The Co-op hires workers and operates the platform.

The Subvert Model: Key Elements

Subvert's ownership model strategically combines elements of cooperatives and corporations, harnessing the strengths of both structures while mitigating their individual limitations.

A Cooperative on a Corporate Cap Table

The Subvert Model integrates a Co-op on the cap table of a Corporation, creating a vehicle for distributing a form of platform ownership to Co-op members, while retaining capital accessibility.

Ownership through Patronage

Co-op Members are rewarded points as a representation of their patronage activity within the Co-op. We plan to refer to units of patronage as "Ownership Points," which which represent a proportional stake in the Co-op's underlying assets in the event of a liquidity event.

Long-term Commitment

Ownership Points are non-transferable, encouraging long-term engagement, loyalty, and alignment. However, it may be possible to have members vote to amend this policy if desired.

Unlimited Supply

Without a cap on Ownership Points issuance, the system promotes continued activity and allows latecomers to benefit, creating an inclusive and dynamic ownership structure.

Regulatory Framework

Compliance is ensured by operating within a clear and protective legal and financial structure, safeguarding all stakeholders' interests through transparent practices.

Understanding Patronage and Ownership Points

In the Subvert Model, patronage forms the cornerstone of our ownership distribution system. The concept of "patronage," within the context of a Co-op, refers to an internal measurement of how much a member engages with the business. For example, at REI, a co-op retail store for outdoor apparel, patronage is a measurement of how much money a customer spends at REI stores. This measurement is used to calculate and issue a "patronage dividend" to REI members, a distribution of profits back to customer members that functions like a rebate, based on a member's patronage.

We've expanded the traditional cooperative concept of patronage to encompass the various ways users engage with and contribute to the Subvert Platform. This approach can measure how members interact with Subvert, directly influencing their stake in the platform itself.

By linking ownership directly to platform and community engagement, we're proposing a dynamic system that rewards active participation, fairly recognizes early adopters, and encourages actions that directly contribute to Subvert's success and sustainability. This model can ensure that our most engaged and valuable community members naturally accumulate a larger stake in the platform's success, aligning individual interests with collective growth.

Ownership Points: Our Unit of Patronage

We plan to quantify patronage contributions through "Ownership Points," our unique measurement unit of patronage. Ownership Points serve as a flexible, scalable method to reward members for their platform engagement and community-building efforts. They represent a member's proportional stake in the Co-op's underlying assets. By extension, Ownership Points are a proxy for ownership of the platform for a member.

How Ownership Points Work:

+ Earning: Members earn Ownership Points through various patronage activities.
+ Calculation: Points are calculated based on the type and frequency of activities.
+ Distribution: Ownership Points are issued retroactively at quarterly intervals.
+ Valuation: Third-party valuations provide an estimated monetary value for Ownership Points, in the case of a liquidity event.

Patronage Activities

Members may earn Ownership Points through a range of actions, including:

+ Platform engagement
+ Selling music and merch
+ Purchasing music and merchandise
+ Consistently using platform features
+ Community participation
+ Attending Subvert events
+ Participating in governance activities (e.g. voting, surveys)
+ Contributing to platform discussions and workshops
+ Actions that help grow Subvert
+ Referring new users to the platform

Retroactive Reward System

Ownership Points may be issued retroactively at regular intervals, preventing system gaming and allowing for adaptive recalibration of reward mechanisms.

Tangible Value Representation

Ownership Points can be assigned an estimated monetary value through third-party valuation, providing members with a clear understanding of a potential value of their Ownership Points in the case of liquidity event.

How the Co-op and Corporation Work Together

In between the Co-op and the Corporation, there is a development agreement detailing how the two work together. This agreement is still in development. The current draft includes the following key points:

+ Ownership of Platform: The Corporation is the legal owner of all intangible assets, trademarks, patents, and trade secrets related to the platform.
+ Licensing of Platform: The Corporation grants exclusive license to the Co-op to use, develop, and operate the platform. This license is comprehensive and perpetual, allowing the Co-op to fully manage the platform.
+ Development of Platform: The Co-op is responsible for all aspects of platform development and maintenance.
+ Operation of Platform: The Co-op also handles all day-to-day operations of the platform, including administration, support, moderation, marketing, and finances.
+ Financial Relationship: The specifics of revenue handling, cost reimbursement, and profit distribution between the Co-op and the Corporation are still being refined.
+ Further Development: All new products developed by the Co-op automatically become property of the Corporation, but are licensed back to the Co-op under these same terms.

How Investment Works in the Subvert Model

One of the key advantages to the Subvert Model is its flexibility for fundraising, compared to other co-ops. While we plan to explore many creative alternative ways to fundraise, our model allows for more traditional fundraising through the Corporation, which has the ability to issue preferred shares to investors, similar to a traditional start-up. The Corporation therefore allows the platform to access investment without diluting the Co-op's control of platform operations. Funds raised by the Corporation can be used to finance the platform's development and growth through the agreement with the Co-op.

The Subvert Model is similar to how investors would buy shares in a traditional start-up — but with some key differences. The Corporation doesn't operate the platform directly — it contracts that to the Co-op.

This structure not only allows for traditional investment but also potentially creates a more engaged and loyal user base, which can lead to stronger long-term growth and value creation for investors.

How Governance Works in the Subvert Model

Subvert will operate under a dual-entity model, with the Co-op and Corporation working in tandem, each with distinct focuses and objectives.

Cooperative Governance

The Co-op builds and maintains the platform, and employs its workers. The Co-op Board includes representatives from artists, workers, labels, and supporters.

Key Responsibilities:

+ Strategic oversight
+ Management appointment
+ Financial stability
+ Organizational mission

Corporate Governance

The Corporation acts as a holding company, owning Subvert's intellectual property and revenue rights. The Corporation's Board is comprised of representatives of the Co-op and potentially investors.

Key Responsibilities:

+ High-level financial oversight
+ Capital acquisition
+ Approval of major strategic initiatives

Why the Subvert Model is a Pragmatic Approach

The Subvert Model represents a pragmatic approach to collective ownership by acknowledging market realities while preserving cooperative principles. The model recognizes that, to succeed, a platform must not only embody shared ideals, but deliver a product that can compete with well-funded incumbents. The Subvert Model's approach balances the need for sufficient funding with the desire for collective ownership, exploring innovative structures that can provide the resources necessary for growth without sacrificing user stake in the platform.

Advantages over Traditional Start-ups

The Subvert Model offers distinct advantages over the traditional start-up approach, especially in reimagining the relationship between a platform and its users. At its core, the Subvert Model aligns the interests of users and investors through collective ownership, while also fostering levels of user loyalty and engagement that traditional platforms struggle to achieve. This alignment creates a unique value proposition that sets the Subvert Model apart in a crowded market.

The ownership incentives within the Subvert Model serve multiple purposes:

+ Aligned Incentives: Unlike traditional start-ups where the interests of users and investors are often in conflict, the Subvert Model unites all stakeholders in pursuit of the platform's long-term success. This alignment leads to more sustainable growth, business practices, and decision-making, which benefits users and investors alike.

+ User Acquisition and Retention: By offering users membership, the Subvert Model not only creates stronger loyalty, but also potentially reduces customer acquisition costs. Users have a vested interest in the platform's growth, naturally becoming advocates and driving organic expansion.

+ Resilience: A diverse ownership base goes hand in hand with a more robust business model, which is less susceptible to market volatility or the whims of a small group of investors. This structure allows the Subvert Model to maintain a longer-term perspective, focusing on creating lasting value for both users and investors, rather than short-term gains.

	TRADITIONAL START-UP MODEL	SUBVERT MODEL
OWNERSHIP STRUCTURE	FOUNDERS AND INVESTORS OWN SHARES IN A SINGLE ENTITY	DUAL-ENTITY STRUCTURE:CO-OP OWNED BY MEMBERS, CORPORATION OWNED BY CO-OP AND POTENTIALLY INVESTORS
PRIMARY GOAL	MAXIMIZE SHAREHOLDER VALUE	BALANCE COMMUNITY BENEFIT WITH FINANCIAL SUSTAINABILITY
DECISION-MAKING	CENTRALIZED (FOUNDERS, EXECUTIVES, BOARD)	DEMOCRATIC FOR CO-OP OPERATIONS; MIXED FOR CORPORATION
BOARD OF DIRECTORS	INVESTORS AND CORPORATE CRONIES	COMMUNITY STAKEHOLDER REPRESENTATIVES
ACCOUNTABILITY TO USERS	NONEXISTENT	CODIFIED
VALUE DISTRIBUTION	CONCENTRATED AMONG FOUNDERS AND INVESTORS	BROADLY DISTRIBUTED AMONG COMMUNITY MEMBERS
USER INVOLVEMENT	USERS AS CUSTOMERS OR PRODUCTS	USERS AS OWNERS
INNOVATION DRIVER	TECH	ORGANIZATIONAL DESIGN
LEGAL STRUCTURE	C-CORP	COOPERATIVE AND C-CORP
IP OWNERSHIP	HELD BY THE COMPANY	HELD BY CORPORATION, LICENSED TO CO-OP
PLATFORM EVOLUTION	DRIVEN BY GROWTH AND MONETIZATION GOALS	INFLUENCED BY COMMUNITY NEEDS AND PREFERENCES
LOYALTY MECHANISM	PRODUCT QUALITY AND BRAND	PRODUCT, BRAND, OWNERSHIP, LOYALTY, AND BELONGING
ECONOMIC PHILOSOPHY	CAPITALIST FREE MARKET	COOPERATIVE ECONOMICS WITHIN MARKET FRAMEWORK
POWER DYNAMICS	HIERARCHICAL	HETERARCHICAL AND DEMOCRATIC
LONG-TERM VISION	NONE	50-YEAR ROAD MAP OF LARGE-SCALE SUBVERSION

Fig 4.2.
The Traditional Start-up vs. the Subvert Model

Inspiration

Tertulia

Tertulia, an online bookstore founded in 2022, incorporates a new model that begins to suggest ways to bridge the divide between cooperative ideals and practical realities. On the surface, Tertulia looks and feels like a traditional marketplace for books, offering a paid membership program with discounted prices and shipping rates. However, there is a key distinction: Members are also rewarded ownership of the platform. As the company explains:

"All Tertulia users are invited to become members of the Tertulia Co-op, which has a partial ownership stake in Tertulia, Inc. Tertulia users who join its membership program will earn co-ownership units in proportion to their book purchases."

Tertulia's model works through a mix of innovative ownership and legal structures. The platform operates with two legal entities: a cooperative and a corporation. When users purchase a Tertulia membership, they become members of the cooperative, which issues loyalty points representing real ownership of the platform. The more books a user buys, the more ownership they earn.

Upside.coop

Upside.coop allows businesses to share ownership with their customers and helped pioneer cooperative-corporate models. The platform provides a framework for businesses to operate as conventional corporations while still incorporating collective ownership structures. It enables companies to offer partial ownership, while being compliant with the relevant regulatory requirements.

Juno

Juno was a rideshare company that positioned itself as a driver-friendly alternative to Uber. It was founded in 2016 and operated primarily in New York City. The key feature that distinguished Juno from its competitors was driver ownership. The company offered drivers the opportunity to earn restricted stock representing up to 50 percent of ownership. The more miles a driver had driven for Juno, the more stock they earned.

Unfortunately, Juno's story didn't have a happy ending. In 2017, it was acquired by Gett, another rideshare company. The acquisition led to controversy because the driver ownership program was terminated, with drivers receiving much less compensation than they had anticipated. Juno ultimately ceased operations in 2019.

Subverting Bandcamp's Network Effects

A primary challenge for Subvert, or any new entrant, is the moat of network effects: Larger networks benefit simply by being larger. This is why our model is intentionally aimed at undermining the network effects of competitors through better aligning the incentives of the platform and its users at a foundational level.

Network effects can create a powerful feedback loop in which greater usage increases value, attracting even more users. The more users who join a network, the more useful that network becomes. This is especially true of marketplaces: Sellers attract buyers, who attract more sellers, who attract more buyers, etc.

But network effects can also work in the opposite direction. This occurs when the utility and value of a network diminishes as the user base shrinks, leading to a decline in its overall effectiveness and attractiveness.

The key to succeeding against an entrenched incumbent is creating strong enough incentives for users to abandon an existing network.

The Subvert model aims to demonstrate how ownership can be a powerful incentive for both sides of a marketplace — in this case artists and their supporters — to move to a new platform.

> "In every story of platform scale lies the hidden potential for abandonment."
>
> – Platform Thinking Labs

The Subvert Model addresses the limitations of both traditional start-ups and past attempts at platform cooperatives. It presents a practical method for developing collectively owned enterprises that not only compete but also establish a competitive advantage — even against well established and heavily funded incumbents — without compromising the democratic values and shared benefits inherent in cooperatives.

NETWORK EFFECTS

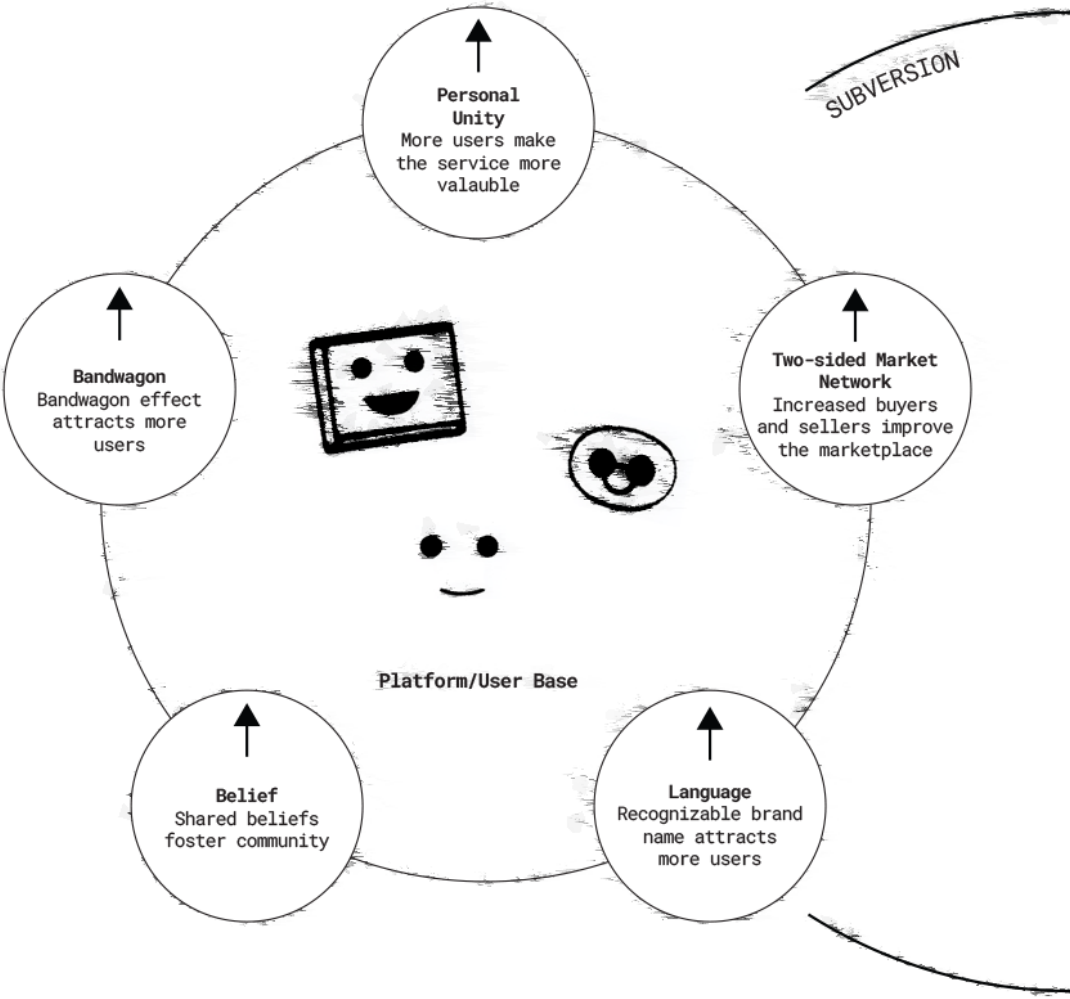
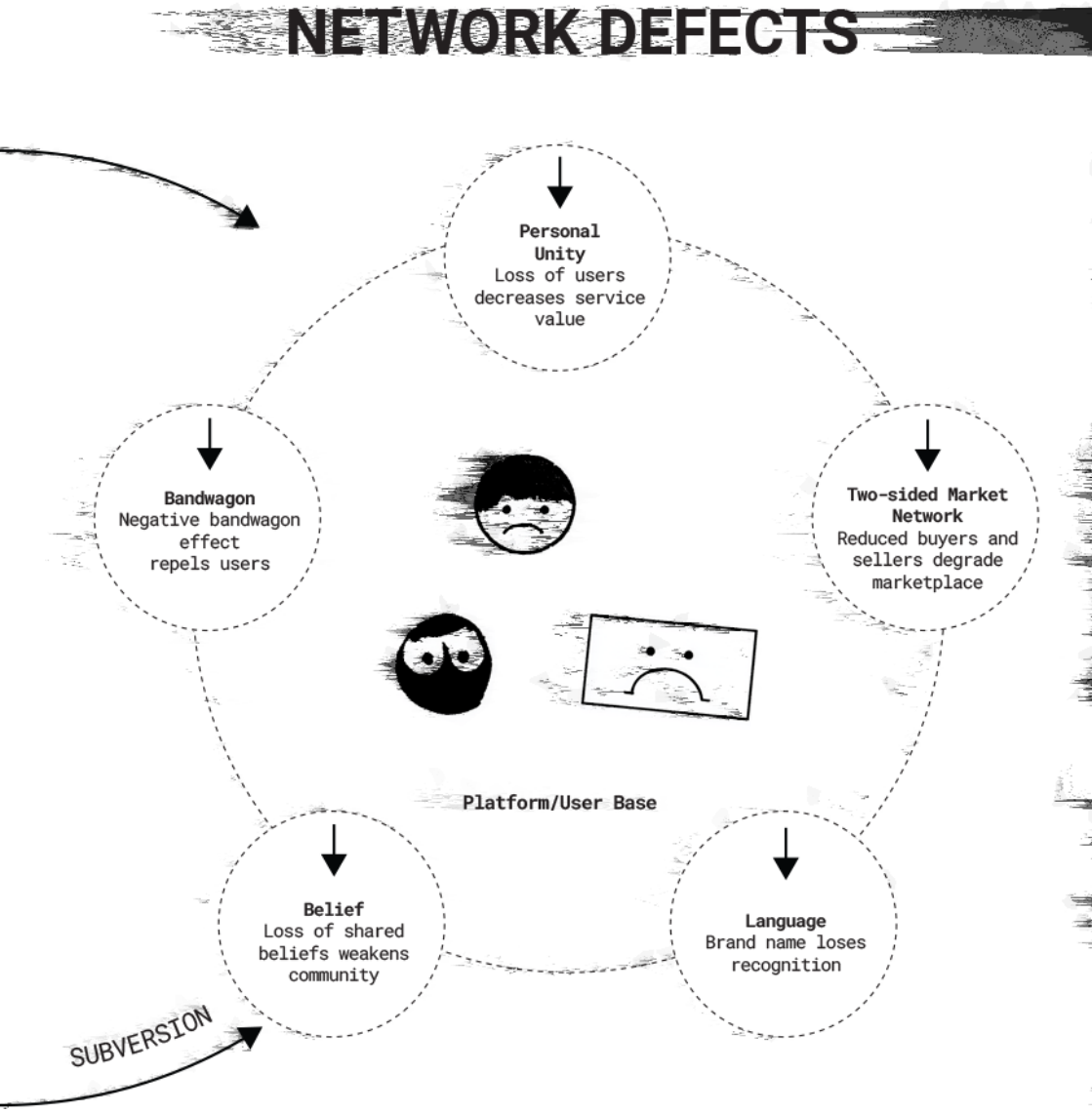


Fig. 4.3. An illustration of how Bandcamp's network effects can be eroded and diminished by the Subvert Model



IV.

PLATFORM

Platform

The Subvert Platform serves as Subvert's economic and social engine. Ultimately, our larger goals can't be realized unless we build a platform that people want to use. Building a great product is a critical prerequisite to the rest of our vision.

Let's be honest: Co-op platforms have not been associated with great products, often trading on virtue signaling rather than utility. Subvert is looking to change this. While we're reimagining many aspects of platform economics, we're not looking to reinvent the proven methods of building a product that users love. That means assembling a talented team of workers, launching a functional platform, iterating new features, talking to users, and relentlessly focusing ourselves on improving both user experience and value creation.

Here are our goals for the Subvert Platform:

+ Build a product that people love
+ Make tangible improvements over Bandcamp and other music marketplaces
+ Create an experience that users feel proud to participate in and especially to own

Functionally, the Subvert Platform is a multi-sided marketplace, where both artists and labels can sell digital and physical releases to supporters. Marketplace-wise, we're not necessarily reinventing the wheel, but we do aim to refine and enhance user experience, offering better financial tools, design, and community features, as well as seamlessly integrating our unique ownership model.

Development of the Subvert Platform is already underway, progressing in tandem with our efforts to build a community of artists, supporters, labels, and workers. This parallel approach allows us to align our technical development with the evolving needs and insights of our growing community.

At our initial stages of development, we're aiming for a "Goldilocks state" — that is, developed enough to demonstrate value and potential, but with ample room for input from early members. This approach ensures that the platform remains responsive to our evolving needs, while still embodying our cooperative principles.

The features and priorities outlined here represent our current thinking. Naturally, we expect these to evolve as we progress, informed by user feedback and the needs of our community. Our commitment is to remain agile, adapting our platform to best serve our users, all the while staying true to our core mission of creating a collectively owned and governed online music marketplace.

Core Functionality

+ Digital Music Upload and Sales: Artists can upload their music in various formats (MP3, FLAC, WAV, AIFF) and set flexible pricing options, including fixed prices, pay-what-you-want, and free downloads. Users can preview and stream music through an integrated media player, with unlimited streaming for purchased tracks. High-quality downloads are available for individual songs, albums, and bundles.

+ Physical Media and Merch: Support for various physical media (CDs, vinyl records, cassettes) and merch (T-shirts, posters, stickers), inventory management tools, and order management and shipping options.

+ Supporter Engagement: Messaging system for direct communication between artists and supporters.

+ Analytics: Statistics and analytics for sales and plays.

+ Bookmarking and Curation: Public and private collections for favorite artists, tracks, and albums.

+ Payment Processing and Splits: Payment processing and custom payment splits between collaborators.

+ Discovery: Engine for discovering new music by related artists, genre, or curated collections.

+ Ownership UX: Dashboard within the platform to view information related to Ownership Points and Co-op governance.

Core Platform Improvements

+ Modernized Design & UX: The Subvert platform features a persistent media player that lets users listen while browsing, with better tools for organizing music and merchandise. We've improved library management to easily handle unwanted items, and simplified the process for artists managing multiple pages and catalogs.

+ Enhanced Music & Sales Tools: We are building support for scheduled releases, and efficient batch uploading for catalogs. Artists can offer flexible pricing including pay-what-you-want options, while supporters get high-quality downloads in multiple formats (MP3, FLAC, WAV, AIFF).

+ Physical & Merch Tools: While not included in V1, we plan to build support for physical formats (vinyl, CDs, cassettes) and merchandise with reliable inventory tracking and order management. This will include shipping integrations and pre-order tools to make fulfillment straightforward from purchase to delivery.

+ Advanced Organization & Discovery: The platform offers greater ability for sorting and filtering items in a user's library, rather than displaying a chronological grid. Additionally, "collections" allow users to create custom nameable thematic lists for organizing favorite releases. Structured metadata will allow for more granular search and discovery throughout the platform.

+ Community Forum: Members have a dedicated space to connect, discuss co-op governance, share ideas, and build relationships within the community.

+ Transparency Tools: We maintain a comprehensive changelog tracking all updates, provide accessible documentation, and share transparent financial reporting with all members.

Innovative Features

+ Co-op Member Discounts: When uploading releases, members can set special discounts for other co-op members, fostering a reciprocal gift economy within the platform. This creates tangible benefits for co-op membership while strengthening the community.

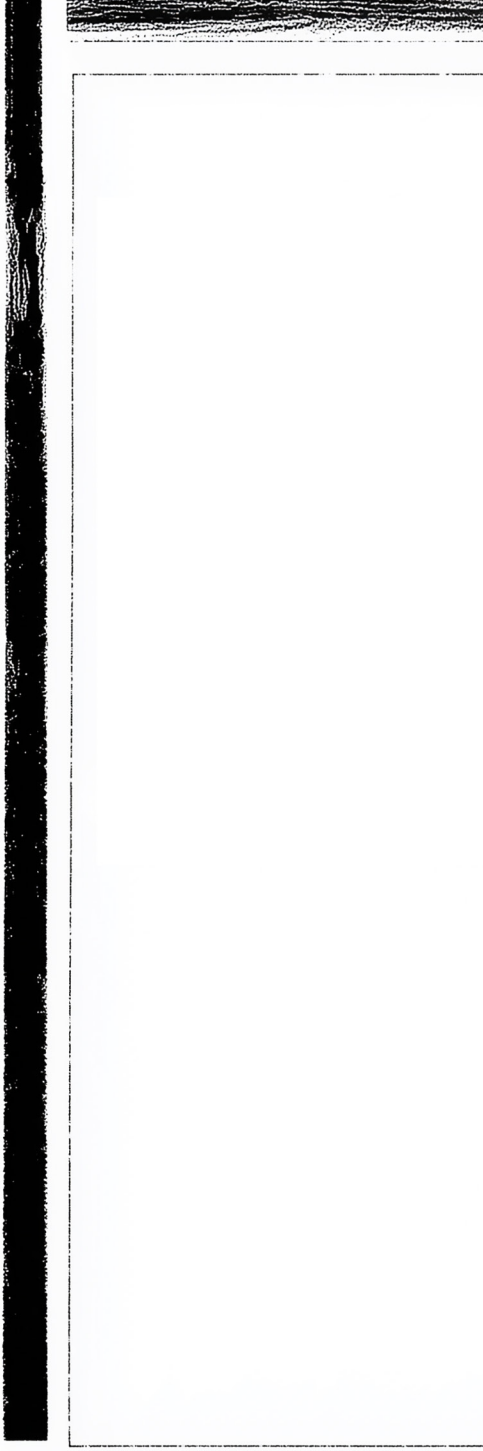
+ Curator Rewards: Through our payment splits infrastructure, members who curate and share collections can be rewarded when purchases are made through their recommendations. This incentivizes meaningful music discovery and creates new opportunities for community-driven promotion.

+ Automated Payment Splits: Built-in tools for managing revenue sharing between collaborators, making it easy to fairly compensate everyone involved in a release. Flexible splitting options support various collaboration models. Integration with Stripe Connect for fast and reliable payouts.

+ Ownership Dashboard: Tracks members' ownership points and patronage activity, displaying Ownership Points, governance participation, and co-op membership benefits. Ownership rewards are built directly into the platform experience, creating tangible value for active participation.

Platform Development

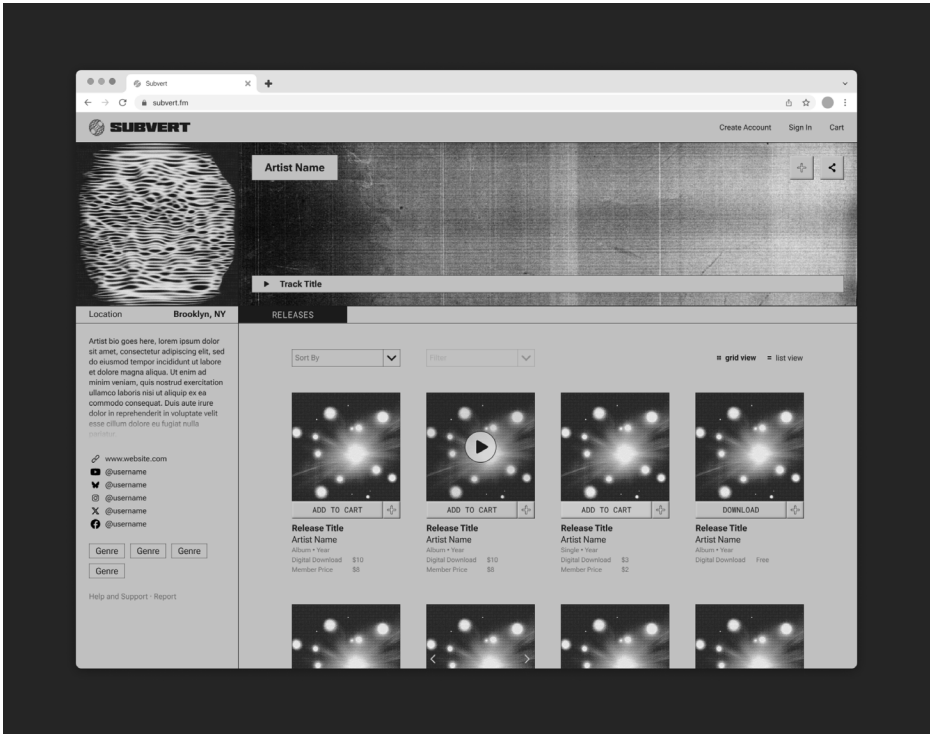
The development of Subvert is deeply collaborative, shaped by our growing community of co-op members. Through structured feedback sessions and continuous dialogue, members have been directly influencing the platform's evolution.



Key Pages

Artist Page

The artist page is the Subvert Platform's most important screen, acting as the primary landing page for most supporters via links shared by artists. This also applies to labels.

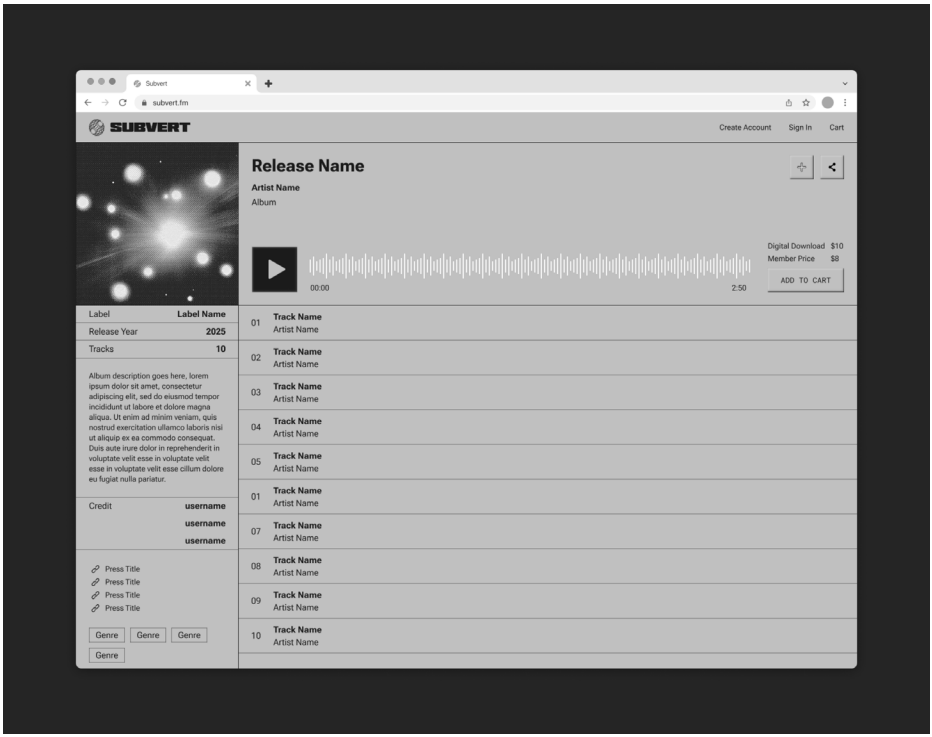


The Artist Page includes:

- Profile: Image, banner image, artist's biography, genre tags, location, and links to website and social media accounts.
- Releases: Displays all music and merchandise offered by the artist.
- Interactions: Allows users to listen to music, add releases to a cart, or add to a collection.
- Featured track: Artist-selected highlight of Music.
- Persistent Audio Player: Allows users to preview Music.
- Views: Allows user to toggle between list view and grid view of releases.
- Sorting and Filtering: Allows user to view releases by sorting.

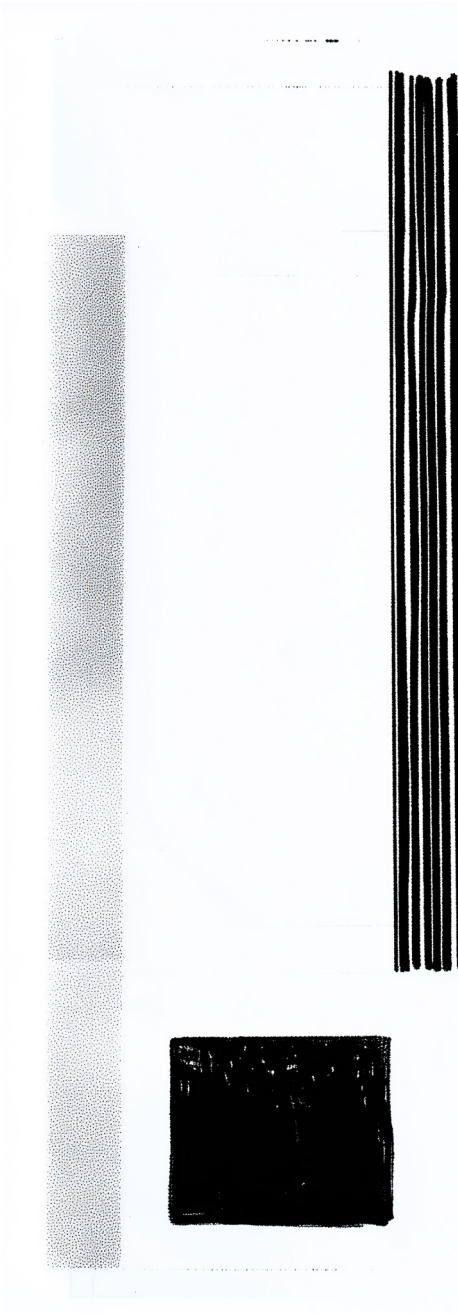
Release Page

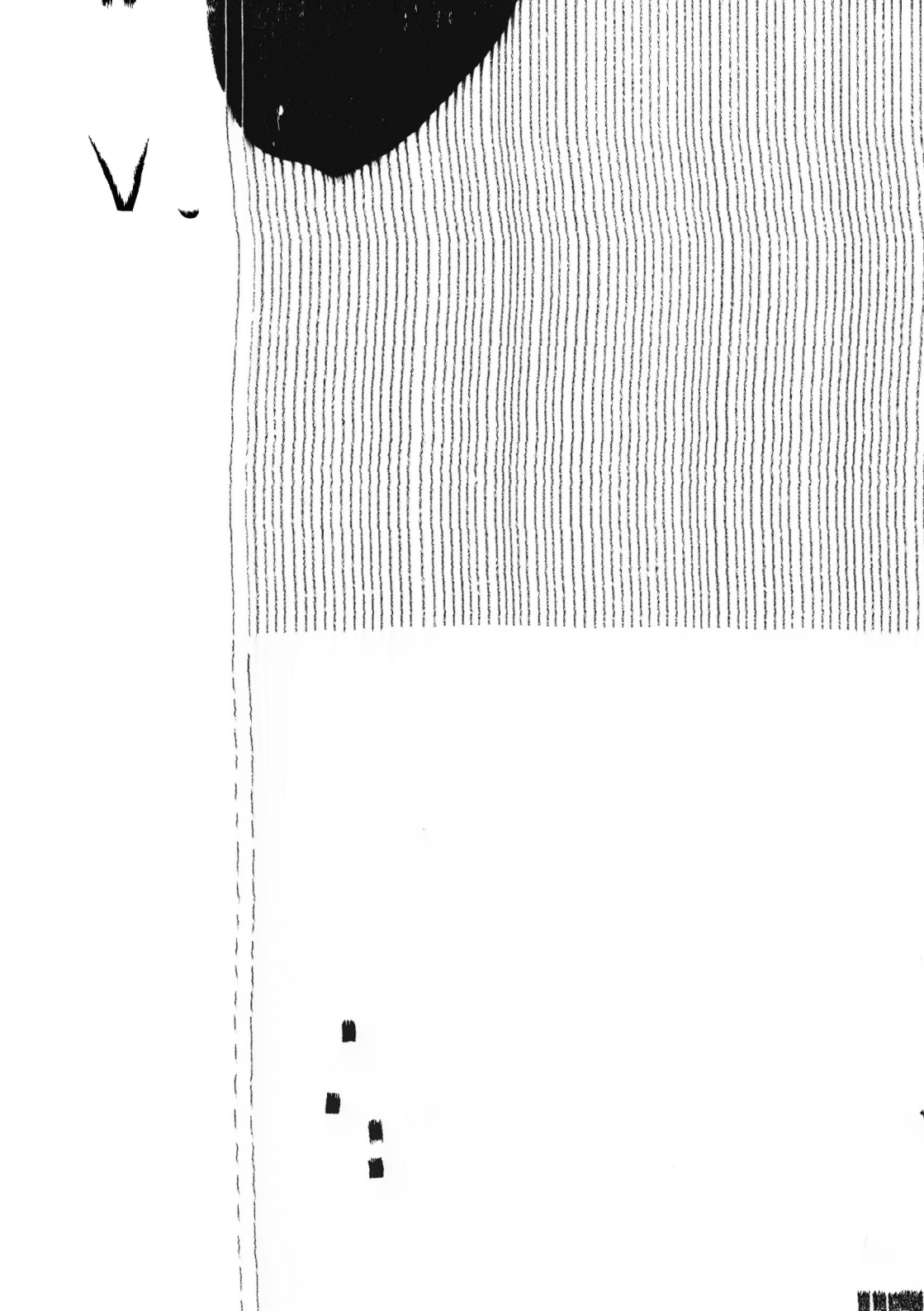
A release page can showcase either a single track or a multitrack album.



Each release page includes:

- Credits and Metadata: Structured metadata displaying information about the release, as well as a section to add custom credits.
- Call to Action: Primary CTA to add album to cart. On hover, each track has interactions to add an individual track to cart, or to a collection.
- Member Pricing: For both an album and individual tracks, artists can optionally choose to add preferential pricing for other co-op members.
- Links: Flexible external links with custom display names.
- Audio Player: Large play button at top of the screen, in addition to persistent player at the bottom.





CO-OP

What is a Cooperative?

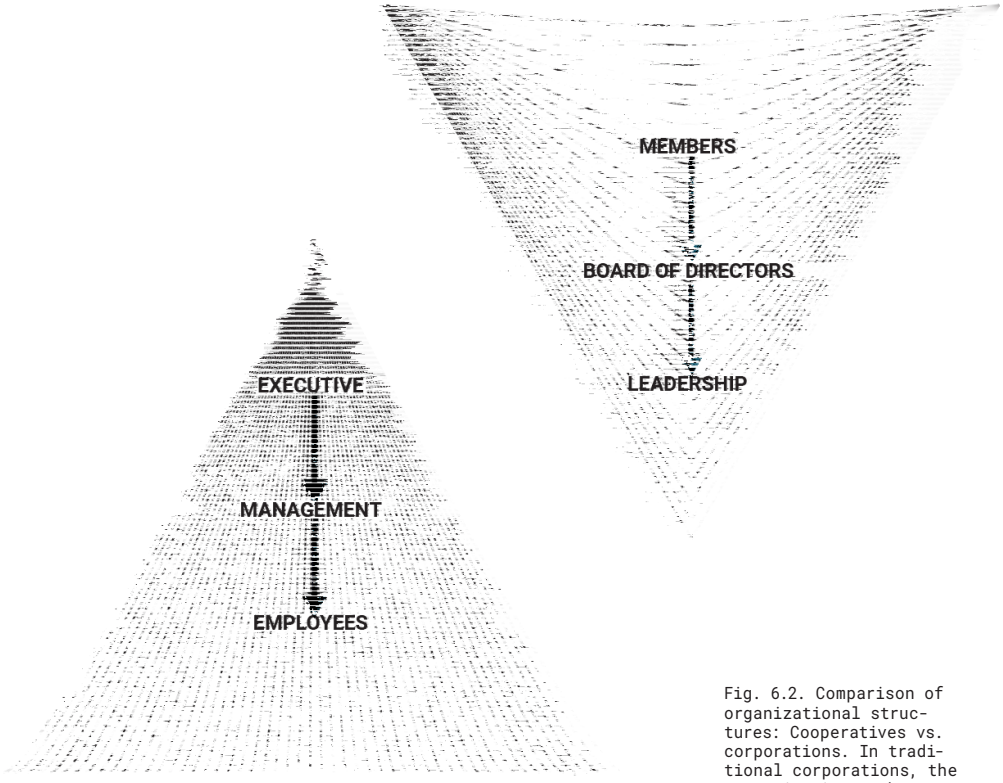


Fig. 6.2. Comparison of organizational structures: Cooperatives vs. corporations. In traditional corporations, the executive is at the top of the hierarchy, with middle management and workers beneath them. In co-ops, members are at the top, electing a board of directors, which in turn selects – and can remove – leadership. Therefore, a co-op's leadership works for its members.

A cooperative, or co-op, is a collectively owned enterprise that serves the interests of its members, rather than external investors. Unlike traditional corporations, co-ops are owned and democratically controlled by their members, who may be workers, customers, or both. This unique structure aligns the interests of the organization with those of its members, creating a more equitable and sustainable business model.

Co-ops have often emerged as responses to economic and social challenges, particularly during times of significant change or crisis. They provide communities with the means to meet their needs when existing market or government solutions fall short.

Key Characteristics of Co-ops

- Shared Ownership: Members collectively own the co-op.
- Democratic Control: Co-ops operate on a one-member, one-vote basis, ensuring equal say regardless of financial contribution.
- Open Membership: Most co-ops maintain voluntary and open membership policies.

Examples of Co-ops

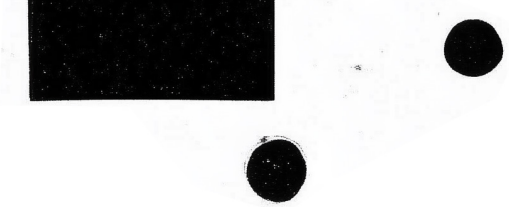
- REI: A consumer co-op selling outdoor gear and clothing
- Credit Unions: Financial co-ops owned by their account holders
- Park Slope Food Co-op: A grocery store owned by its 15,000 members
- Land O'Lakes: An agricultural co-op owned by dairy farmers
- Mondragon: A federation of worker co-ops in Spain, employing more than 80,000 people
- Platform Co-ops: Digital platforms owned and controlled by their users, like Stocksy, a stock photo platform, or the Drivers Cooperative, a New York City-based rideshare app

Importance of Co-ops

Co-ops offer several significant advantages that set them apart from traditional corporations. At their core, co-ops embody economic democracy by giving members a voice in business decisions, which promotes a more equitable distribution of wealth. This democratic approach often leads to greater community resilience, as co-ops frequently emerge to address unmet market needs, particularly in underserved areas.

Co-ops also tends to foster long-term sustainability. Since a co-op's focus is on meeting member needs, rather than maximizing short-term profit, they are more likely to make business decisions that ensure longevity and stability. By making workers and/or customers the owners, co-ops naturally align their success with the wellbeing of their members, creating a mutually beneficial relationship.

Finally, co-ops present a compelling alternative to extractive business models, offering a counterpoint to corporations that derive value from workers and customers without providing them with any ownership or control in return. In contrast, co-ops incentivize more ethical business practices, especially in relation to their workers and customers.



The Subvert Co-op

The Subvert Co-op is a cooperative dedicated to building and maintaining an online marketplace for music that is owned by artists, their supporters, labels and the platform's workers. By joining the Co-op, members will qualify to earn rewards of Ownership Points, conferring ownership of the platform.

How It Works

- Legal Structure: The Subvert Co-op is a cooperative and incorporated as a Limited Cooperative Association in the state of Colorado.
- Ownership: The Subvert Co-op is 100% owned by its members, whose classes include artists, supporters, labels, and workers.
- Membership: Each membership class has its own criteria for membership. Artists, for example, become members after approval. Supporters become members after contributing a one-time fee.
- Board of Directors: The Subvert Co-op is governed by a Board of Directors, all of whom are elected by members. Seats on the board are reserved for each membership class.
- Management: The Subvert Co-op's day-to-day operations building and maintaining the platform are handled by the workers, whose management is appointed by the Board of Directors.
- Responsibilities: The Subvert Co-op is responsible for:
  - Developing and maintaining the platform
  - Managing member relationships and ownership records
  - Conducting quarterly ownership distributions
  - Organizing governance processes, including board elections and decision-making polls
  - Ensuring compliance with cooperative principles and relevant laws

Membership Classes

The Subvert Co-op has four distinct classes of members to accommodate all of the platform's stakeholders. Each class has its own criteria for membership. A member can be either an individual or an organization, and can belong to multiple classes, such as an artist who also runs a label.

The Subvert Co-op has four membership classes:

Artists

Musicians who sell their work on the platform

Qualify for free membership after approval from the Subvert team

Supporters

Fans who purchase music and merchandise through the platform

Become members by purchasing a lifetime co-op membership

Workers

Employees and other regular contributors to the platform's development and operation

Earn membership through their employment and ongoing contributions to the platform

Labels

Record labels who sell their artists' work on the platform

The qualification for label membership into the Co-op has not yet been defined

Benefits of Subvert Co-op Membership

Joining the Subvert Co-op transforms users into owners, aligning individual success with collective growth. Key benefits include:

- Qualification for Ownership Points
  - Co-op membership is the necessary first step to earn Ownership Points
  - Ownership Points represent a measurement of each Member's patronage activity
  - Ownership Points distributed quarterly based on platform engagement (patronage)
- Governance Participation
  - Vote in board elections and decision-making polls
  - Submit proposals and join discussions shaping the platform's future
  - Opt into topic-specific feedback channels via "Sounding Boards"
- Transparency and Insight
  - Access to financial reports and operational insights
  - Regular updates on platform development and strategy

Potential Future Benefits

Beyond the value of ownership, the Subvert Co-op will aim to create a valuable membership experience, both materially and socially.

The Subvert Co-op can support this by continually expanding its membership benefits to better serve members, adding value to being part of the network. That may include:

- Access to Shared Work or Social Spaces: Opening Subvert spaces to members for working, socializing, and even staying, in the case of touring artists
- Discounts and Perks: Partnering with the makers of musical equipment, merchandise companies, or professional services to offer discount rates
- Participatory Budgeting: Establishing a pool of funds to invest in proposals from members

What is Ownership?

Ownership defines who has control over a system. Ownership confers wealth, and the concentration of ownership creates wealth inequality. Most online platforms today are owned by investors, not users or workers, creating a mismatch between who creates value on those platforms and who takes it at the end of the day.

True ownership involves both financial benefits and decision-making — the ability to influence how a system is operated.

Ownership is fundamentally about equity, agency, and dignity. It's not just about being able to benefit financially from the success we help create, but about having a real say in the systems that shape our lives every day.

In the context of online platforms, ownership represents the ability of users and workers to be more than just subjects of someone else's feudal domain. Collective ownership is about transforming ourselves from digital sharecroppers into empowered stakeholders with real effective power.

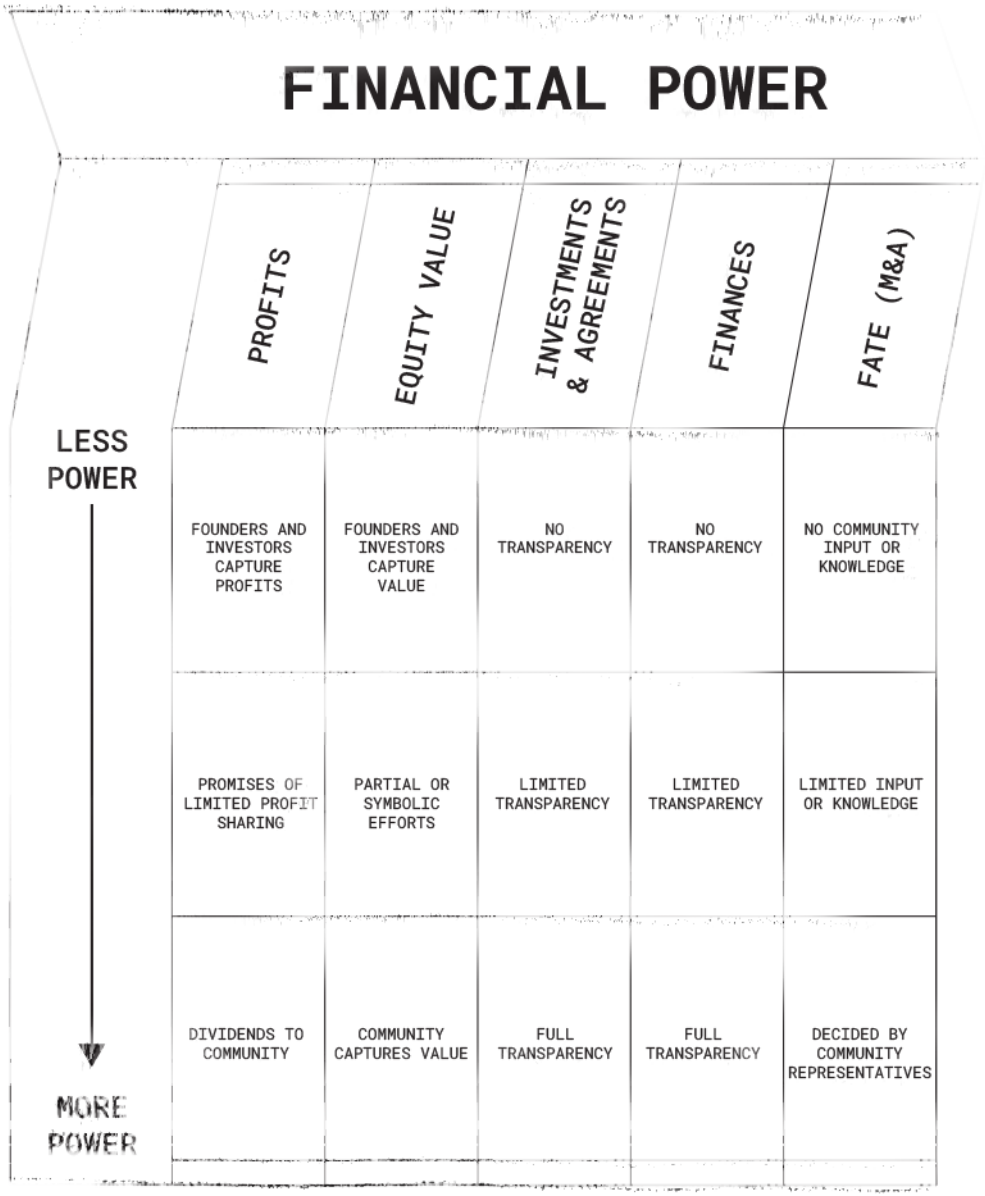
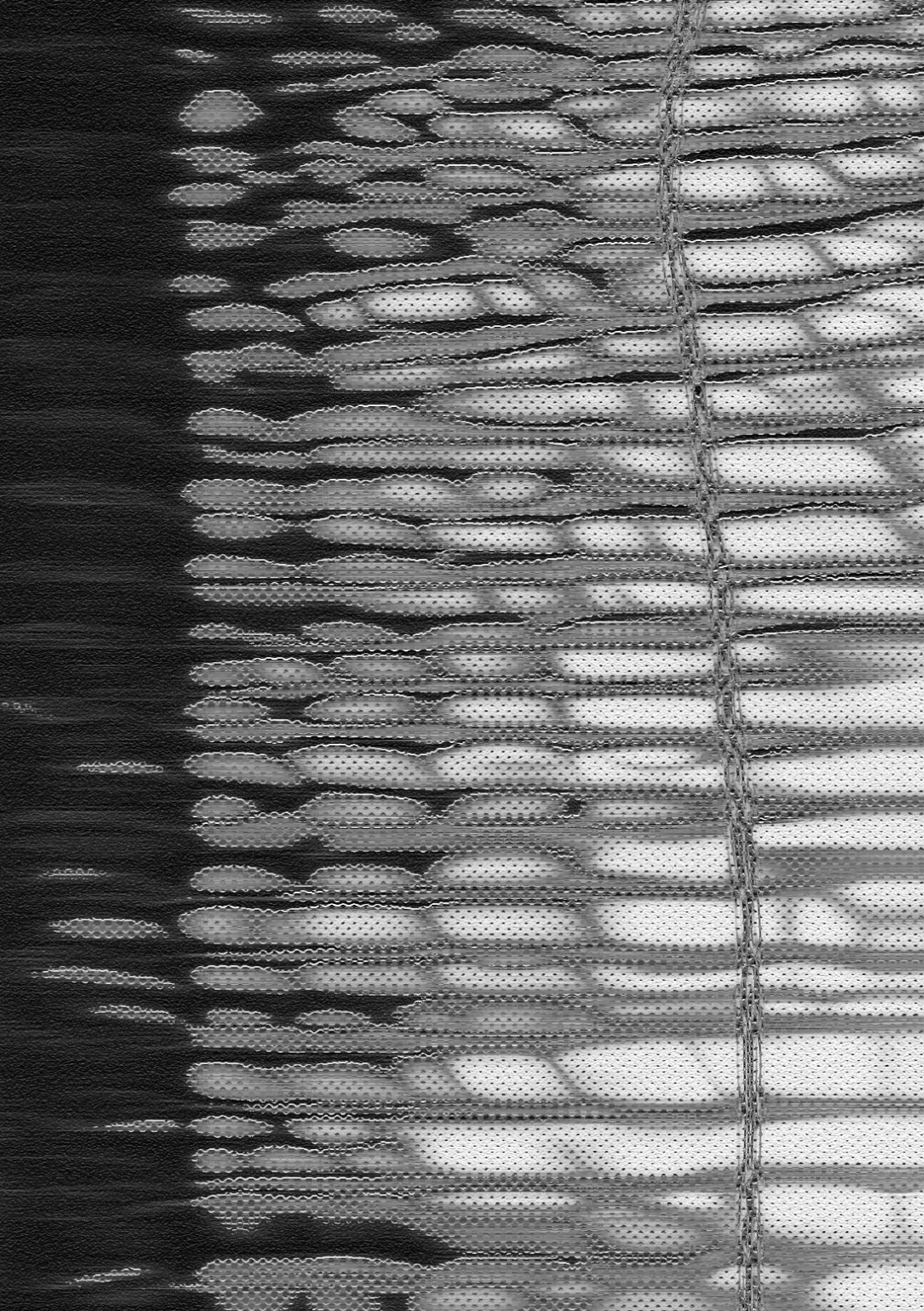
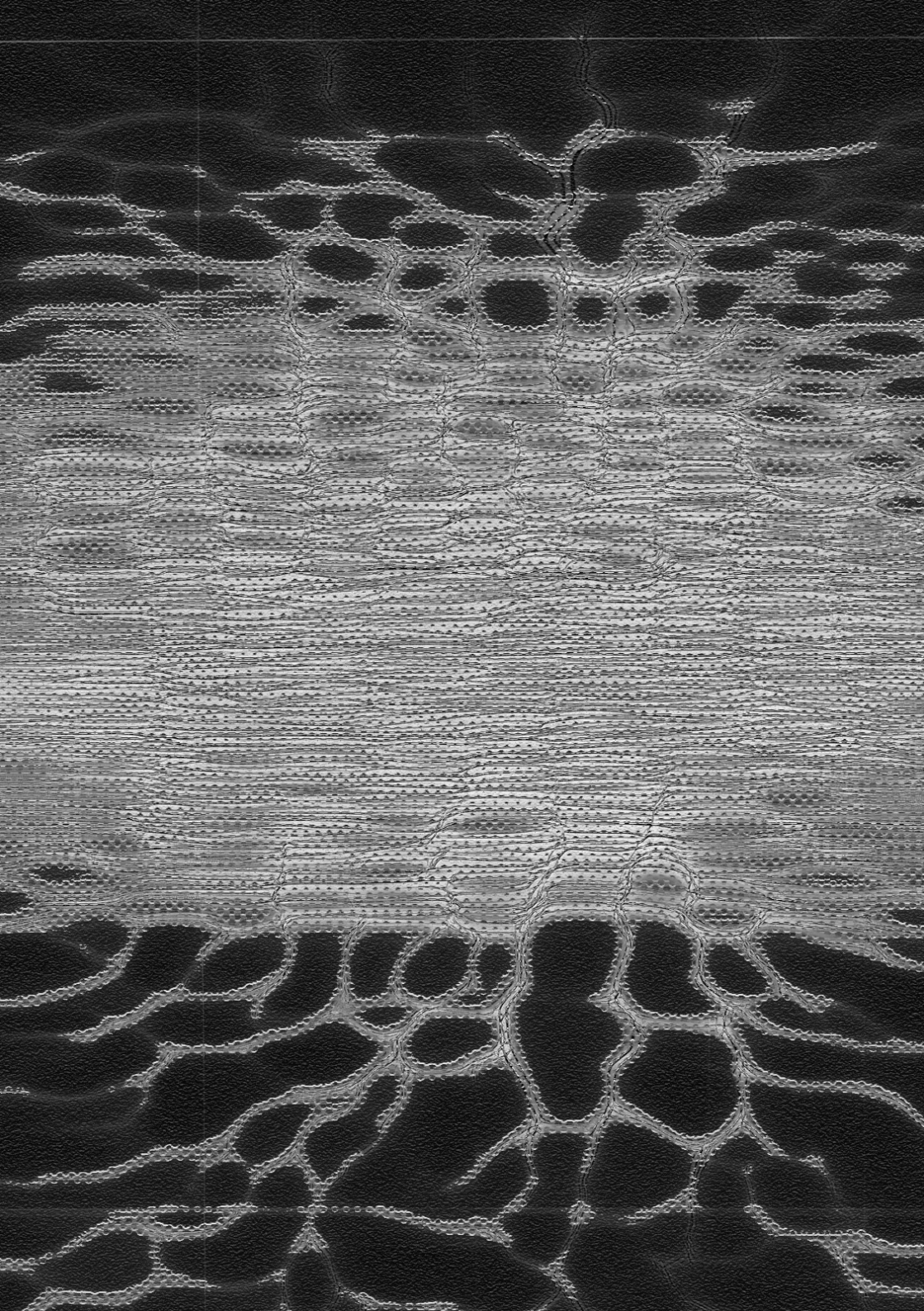


Fig. 6.1. Financial power and decision making power are elements of ownership that can be broken down into sets of distinct rights and responsibilities, often on a spectrum





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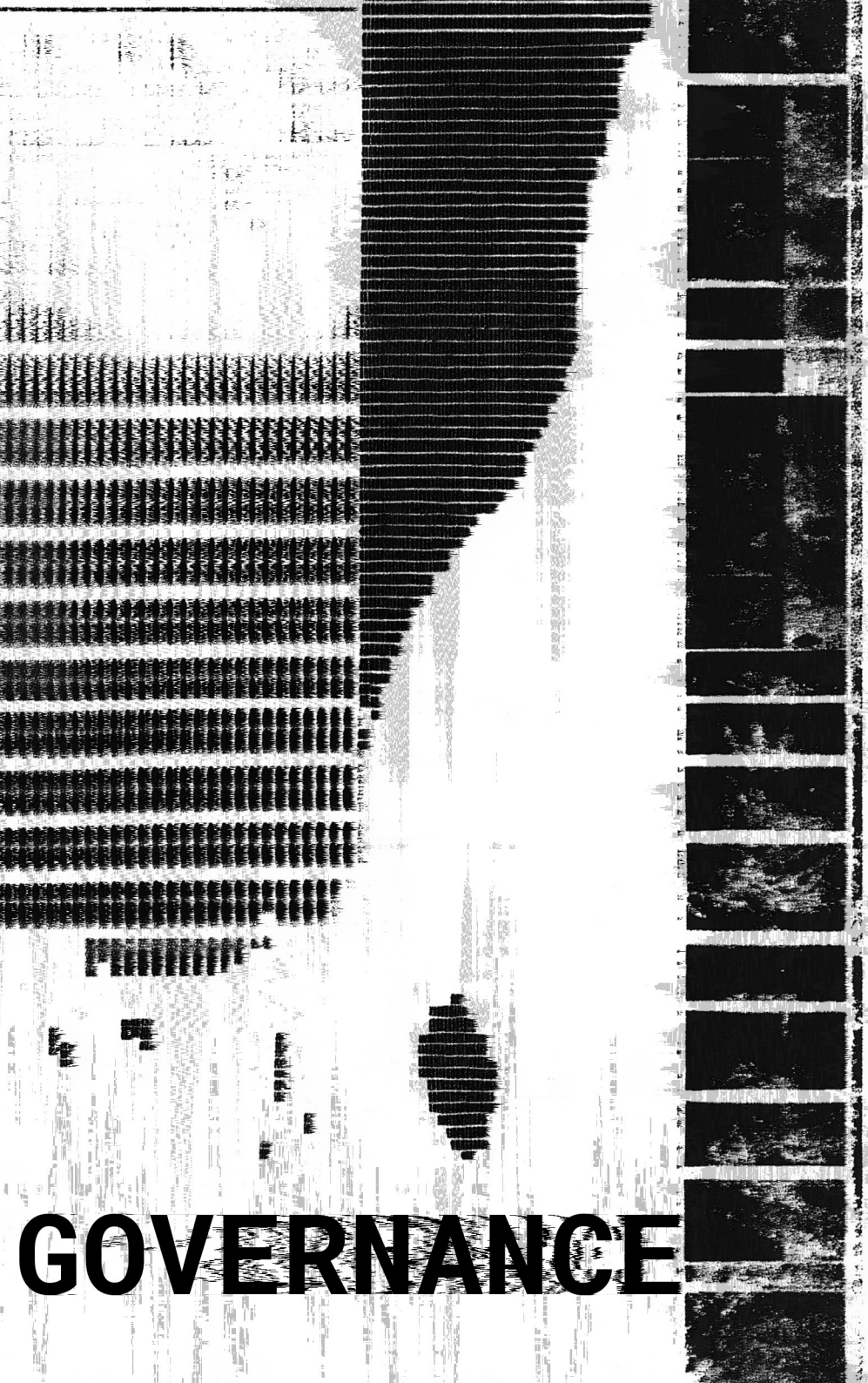


GOVERNANCE

Governance

Innovation in corporate governance may seem like a dry area of focus. But in Subvert's efforts to fundamentally reshape platform economics, governance emerges as critical to building a resilient collective resource.

The default system of governance for tech platforms is what professor of media studies at the University of Colorado Boulder Nathan Schneider calls "implicit feudalism," where control over users is wielded by a small group, typically the platform's founders, their appointed successors, and investors. This system is characterized by unilateral decision-making, suppression of dissenting users, and opacity of processes. Platforms are typically ruled by unchecked administrative power, which extends from moderation to finances, creating a system that breeds complacency among users in the face of autocratic control.

With Subvert, we're creating an alternative. Our vision is to build an adaptive, collectively owned and controlled platform — one that is designed to be resilient enough to outlast its members and evolve beyond the involvement of any single individual, be they a user, worker, or investor. We're crafting a governance structure as a living system, more akin to gardening than architecture.

Subvert's governance goes beyond traditional corporate structures or even standard cooperative models. Our approach combines the agility necessary in the fast-paced software world, with the collective ownership principles of mutual benefit.

An adaptive collective platform should respond to changing needs, while maintaining its core commitment to shared ownership and democratic control. Unlike traditional corporations that prioritize investors, or even standard cooperatives that can sometimes be too slow to change, Subvert's structure allows for:

+ Fluid decision-making processes that can be adjusted based on the scale and needs of the platform
+ Mechanisms for regular member input and feedback, ensuring the platform remains responsive to their needs
+ A governance structure that can expand or contract to accommodate new stakeholders or decision-making bodies as the platform grows
+ A culture of experimentation, in which new ideas can be tested, evaluated, and implemented if successful

Cooperative governance is often mischaracterized as a weakness of co-ops, with critics claiming it leads to inefficiency and indecision. This is a misconception. Co-op governance doesn't mean endless debate or lack of leadership. Rather, it necessitates the creation of clear, efficient decision-making processes that are accountable to members and responsive to their needs.

Co-op governance doesn't entail a lack of leadership. Subvert aims for transparency in decision-making, but doesn't preclude delegating decisions. We're reimagining decision-making for platforms by creating a system where decision-makers are accountable to users, who can exert direct influence through feedback mechanisms.

That also doesn't entail creating a system where everyone votes on everything. Subvert will function more like a representative democracy than a direct democracy. We're embedding democratic governance directly into the core user experience, making participation in decision-making a process that feels natural, integral, and intuitive. Our goal is to create a system that is both responsive and accountable, able to adapt while staying true to the values we advocate.

We're also mindful of potential pitfalls. Subvert aims to avoid the "tyranny of structurelessness" that can sometimes bog down collective efforts. Our focus is to navigate such challenges thoughtfully, experimenting with new means of governance in which users can hold decision-makers accountable.

By creating a culture of participation and integrating governance experiences within the Subvert Platform, we aim to make collective decision-making accessible — and even fun.

Co-op Board of Directors

The Subvert Co-op's Board of Directors is the synapse of the platform's governance structure. Co-op Members elect Board Directors, who in turn appoint management to direct the platform's workers, creating a system in which decision-makers are accountable to members.

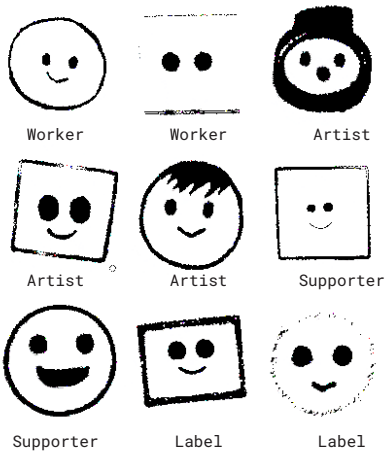
In any organization, the board of directors is responsible for providing strategic oversight, ensuring financial stability, and adhering to the organizational mission.

Subvert's Board takes on additional significance, as it represents the interests of all Co-op Members.

Subvert's Board of Directors will be composed of representatives from each class of Co-op membership, with our current proposal weighted in the favor of artists:

+ 3 Directors Elected by Artists
+ 2 Directors Elected by Labels
+ 2 Directors Elected by Supporters
+ 2 Directors Elected by Workers

Composed of elected representatives of artists, supporters, labels, and workers, Subvert's Board of Directors will ensure that all Co-op Members have a voice in high-level decision-making. The Directors are elected annually, with staggered terms to maintain continuity. Their responsibilities include setting strategic direction, appointing and overseeing management, approving major financial decisions, and ensuring that all actions align with the Co-op's values.



Co-op Voting and Decision-Making

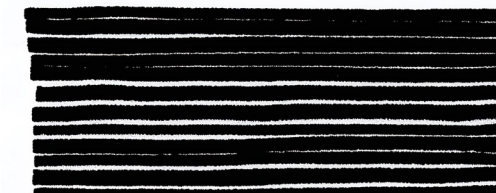
A common misconception about cooperatives is that every decision requires a vote from all members. This is not true. For Subvert, we're designing a governance structure that balances democratic participation with operational efficiency. Our approach ensures that Co-op Members have a say in crucial matters while allowing for agile day-to-day operations.

Decisions at Subvert fall into three main categories:

1. Operational Decisions: Day-to-day operations and most business decisions are handled by workers and management. This includes platform development, customer support, marketing initiatives, and routine financial management. These decisions do not require a vote from the broader membership.

2. Strategic Decisions: The Board of Directors, elected by and representing Co-op Members, is responsible for major strategic decisions. This includes approving annual budgets, setting long-term goals, and overseeing major partnerships or other initiatives. While Co-op Members elect the Board, they don't vote directly on these matters.

3. Fundamental Decisions: Certain fundamental decisions require a vote from the entire membership. These include:
   + Electing Board Directors
   + Amending the Co-op's Bylaws
   + Deciding to Dissolve the Co-op



Subvert Quarterly Town Hall

The Subvert Quarterly Town Hall is a critical touchstone for engagement, transparency, and cooperative governance. While not a formal requirement for co-ops, these quarterly events will play a crucial role in informing and engaging Co-op Members throughout the year.

Each Subvert Quarterly Town Hall will consist of:

- State of Subvert Address
  - Overview of key metrics, achievements, and challenges
  - Updates on product development and strategic initiatives
- Financial and Operational Review
  - Presentation of quarterly financial results
  - Insights into operational performance and efficiency
- Ownership Distribution Announcement
  - Celebration of latest round of Ownership Points issued to Co-op Members
  - Recognition of top Members across various Patronage Activities
- Open Forum
  - Q&A session with Board of Directors and management
  - Discussion of user-submitted proposals or concerns
- Preview of Upcoming Features
  - Sneak peeks of new platform developments
  - Opportunity for community feedback on proposed changes

Subvert Annual General Meeting

The Subvert Annual General Meeting is the most important event in the Co-op's calendar and a legal requirement for cooperatives. Typically held once a year, the Annual Meeting serves as an opportunity for Co-op Members to exercise their rights and participate in key decisions.

With Subvert, we will transform this legal obligation into a community celebration. Organized to accommodate both in-person and virtual attendees, the event will combine official business with performances, workshops, and social activities. Key components will include:

- Official Business
  - State of Subvert: A review of the past year's achievements and future plans
  - Presentation of annual financial statements
  - Election of Board Directors
  - Voting on fundamental Co-op matters
- Community Engagement
  - Live performances by Subvert artists
  - Educational workshops
  - Recognition and awards for Co-op Members
  - Collaborative Forecasting: Interactive sessions where members contribute to imagining Subvert's future
  - Open Ideation: A space for free-form brainstorming on new features, partnerships, or initiatives

Special Meetings

Special Meetings are official convenings outside of Annual Meetings to address urgent matters that require the attention of Co-op Members. These meetings are not regularly scheduled, but can be called as needed.

Reasons for a Special Meeting could include:

+ Voting on timely changes to the Co-op's structure or bylaws
+ Addressing urgent financial or operational challenges
+ Replacing Board Directors for unforeseen circumstances
+ Considering recently proposed acquisitions or mergers

The process for calling and conducting a Special Meeting is typically outlined in a co-op's bylaws.

Sounding Boards

The goal of Subvert's governance structure is to be both lightweight and participatory, creating a balance between efficient and inclusive decision-making. This means allowing for many areas of governance to be opt-in, or at the discretion of users.

Our "Sounding Boards" will be a vessel for user sentiment and ideas to be transformed into actionable proposals. This can extend from the nuts and bolts of platform development to the broader strokes of community initiatives, from the colors of the website to how outreach to artists is conducted. Participation in Sounding Boards is extended as an invitation to every Co-op Member, but not a requirement.

The process of joining is designed to be simple and easy: By clicking a button in the Ownership Dashboard, Co-op Members can step into a more active role in the platform's evolution, directly receiving surveys for their input. This allows for Co-op Members to have their voices heard at different levels of engagement, creating a culture of responsive, and responsible, research to form a tight feedback loop between users, workers, and management.

Distributing Ownership via the Ownership Assembly

At the heart of Subvert's cooperative model is our unique approach to ownership distribution. This process, arguably the most crucial decision the Co-op makes, is designed to be fair, adaptive, and aligned with our core principles of collective ownership and participatory governance.

Each quarter, an "Ownership Assembly" will be convened to determine how new Ownership Points are distributed. This assembly will consist of 12 representatives — three from each ownership class (Supporter-Owners, Artist-Owners, Worker-Owners, and Label-Owners) — selected at random through a process called sortition. This method ensures diverse representation and prevents the concentration of decision-making power. Here's how it can work:

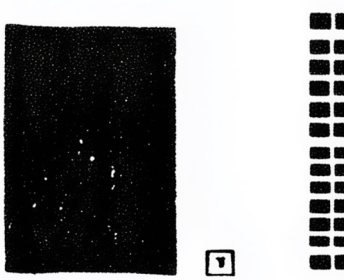
+ Management Briefing: The process can begin with management providing the Ownership Assembly with a comprehensive overview of the business, key metrics, and suggested guidelines for distribution.
+ Class Allocation: Assembly members can first decide on the percentage of rewards to allocate to each ownership class, balancing the contributions and needs of artists, workers, labels, and supporters.
+ Criteria Weighting: The assembly can determine which actions should be rewarded and how heavily to weight

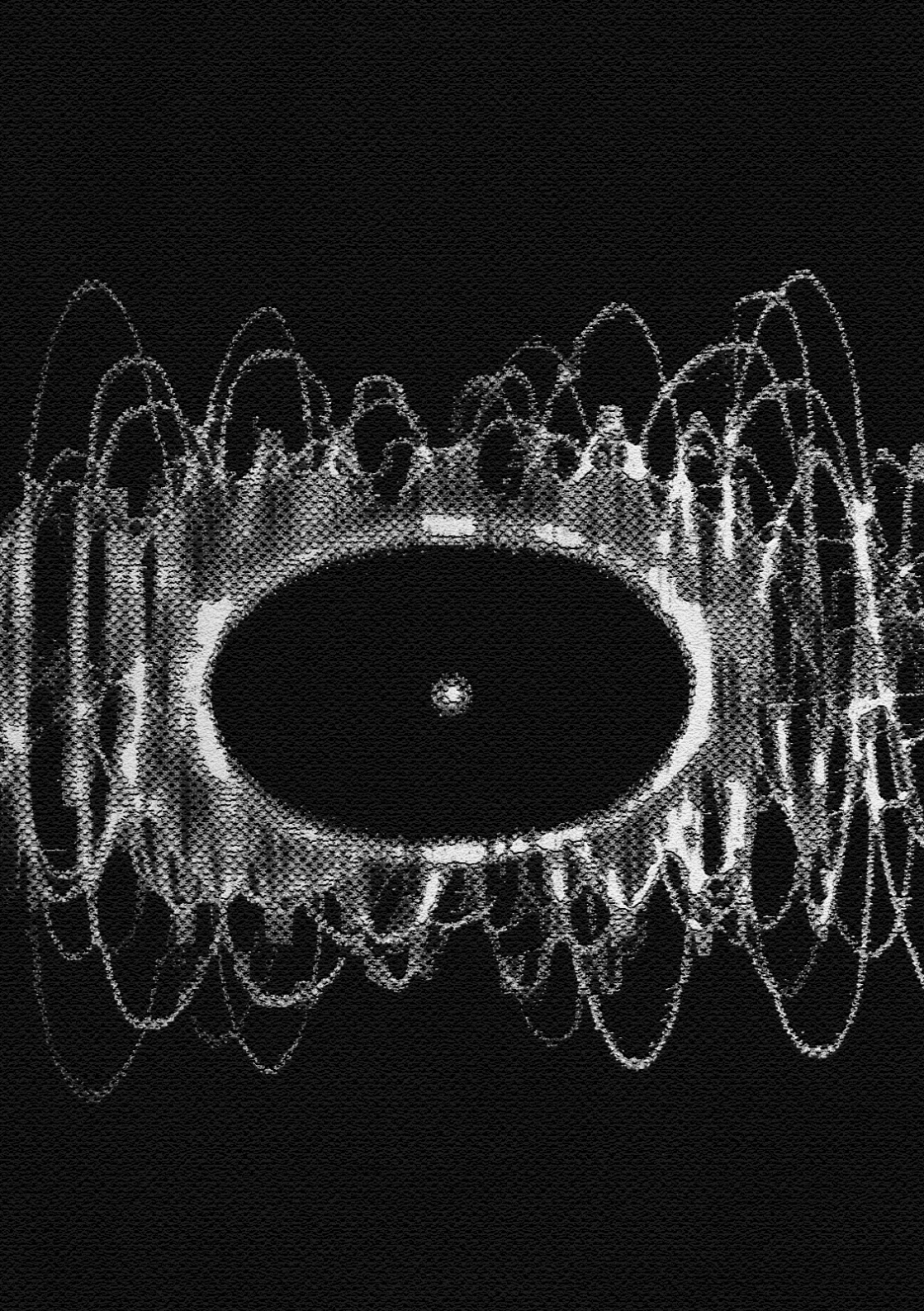
each. This could include factors such as sales, earnings, purchases, governance participation, referrals, and other contributions to the platform's success.
+ Multiplier Consideration: Special designations, such as founding member status, may be given additional weight through multipliers.
+ Collaborative Decision-Making: Using a custom interface or spreadsheet, assembly members input their individual assessments. These are then blended and averaged to arrive at a final recommendation.
+ Board Approval and Announcement: The assembly's recommendations are presented to the Co-op's Board for approval and, if accepted, announced at the Quarterly Town Hall.

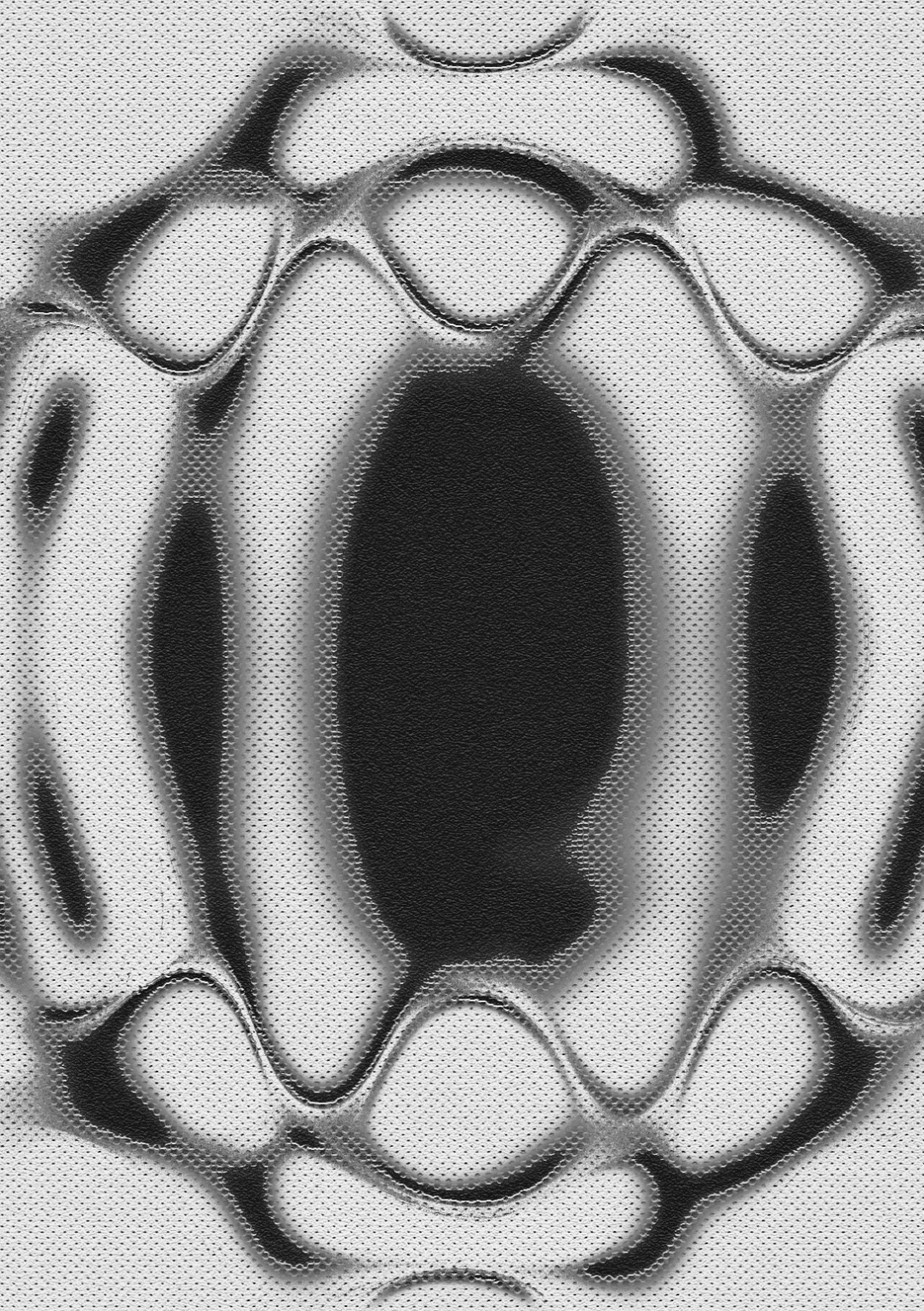
Dynamic Policy Collaboration

Subvert's written policies will be transparently published, allowing Co-op Members to add in-line suggestions, up or down votes, and comments directly and publicly into documentation.

+ Legal and Organizational Documentation: All cooperative policies and guidelines are publicly accessible and version-controlled.
+ Real-Time Member Input: Co-op Members can directly engage with policy documents by adding in-line comments, suggestions, and proposed revisions.
+ Community Endorsement: A built-in voting mechanism will be explored to allow members to up or down vote specific suggestions, helping prioritize popular ideas.
+ Contextual Discussions: Threaded conversations can be attached to specific policy sections, facilitating focused discussion and composition.
+ Transparent Revision Process: Members can track policy evolution over time, seeing how community input shapes Co-op governance.
+ Accessibility and Inclusivity: This system lowers barriers to participation in policy-making, ensuring diverse voices are heard in deciding the Co-op's direction.







VII.

ACTION

Action

Any plan, no matter how bold, ultimately relies on execution. This section outlines Subvert's approach to turning our concept into reality, grounded in firsthand lessons from founding both cooperative platforms and venture-funded start-ups. This dual experience uniquely positions us to navigate the challenges of creating a collectively owned platform that can succeed in a competitive market.

We understand that we are building a business, not just an experiment in online democracy. Our commitment to execution means assembling a great team, shipping high quality software, marketing it effectively, and maintaining financial discipline throughout. It means creating a product that users genuinely love and want to share with others.

Key Success Factors

+ Compelling Storytelling: Crafting a narrative that resonates with artists and supporters, highlighting the unique value of collective ownership
+ Community Confidence: Demonstrating credibility and momentum to attract early adopters and investors
+ Earned Legitimacy: Securing partnerships, endorsements, and media coverage to validate our effort
+ High Flexibility: Staying responsive to community feedback and market dynamics, as well as adapting as necessary
+ Execution: Delivering a high-quality platform focused on user experience
+ Intensive Marketing Focus: Approaching marketing and user acquisition with relentless persistence and effort

Funding

In any effort to start a cooperative, funding is often the biggest challenge. Traditional co-ops, while more likely to achieve success in the long and medium terms, struggle with access to funds, a hurdle that has historically limited their growth and impact. This challenge is so common it is often referred to in shorthand as the "capital conundrum." For Subvert, addressing the accessibility of funding for co-ops is not just a financial necessity — it's a core design challenge.

The stakes are clear: Without adequate funding, even the most promising co-ops risk delivering subpar products and services, consequently fading into obscurity. Conversely, relying solely on traditional fundraising often leads to "enshittification," in which the pursuit of returns on investment ultimately compromises the very user experience that made the product or service valuable in the first place.

Subvert's approach to funding must be as innovative as the platform itself. We're mindful of the potential pitfalls of traditional fundraising and are committed to structuring our fundraising strategy in a way that aligns with our cooperative principles. This means being transparent about our funding needs and sources, ensuring safeguards that protect collective ownership and control, and setting clear expectations with users and investors alike.

Subvert's unique ownership model preserves access to traditional fundraising, as well as alternatives that are often overlooked by other tech start-ups. We aim to prioritize non-dilutive and non-extractive fundraising sources, and to fundamentally align the interests of investors with those of our users. We're building and reinforcing a structure in which we never have to weigh what's best for users against what's best for owners — because they are one and the same.

Subvert's fundraising strategy starts with the recognition that building the platform will require significant resources, which must be pursued with a keen awareness of potential pitfalls. We need adequate funding to compensate high-quality talent, to access the resources necessary to build a competitive platform, and to effectively market it to the users who will ultimately make Subvert successful.

Bandcamp's early funding, which was once described as "the kind of money that venture capitalists find in their couch cushions," exceeded $5 million, when adjusted for inflation. This level of investment was critical in enabling Bandcamp to create a viable and self-sustaining platform. Subvert aims to achieve an even greater scale and impact, but with more critical attention on the misaligned incentives that now plague Bandcamp.

By solving the capital conundrum in a way that stays true to Subvert's cooperative principles, we're demonstrating an alternative path for all start-ups, one in which users have true ownership and control over the platforms that they make successful.

For Subvert, funding must be:

+ Aligned with the interests of users and investors
+ Pursued and secured with transparency
+ Accompanied with safeguards to preserve community control
+ Accepted through an inclusive decision-making process

Fundraising Targets and Timeline

Subvert's fundraising timeline is closely tied to the platform's development and growth. First, we aim to secure an initial $350,000 through grants, zine sales, platform fee vouchers, and member investment.

With this initial six month runway secured and momentum built, we aim to secure an addiitonal $2 million in the future through a combination of aligned partners and investors, or equity crowdfunding, which will allow a small team to launch the full platform with a runway of several years. This can be secured through more traditional vehicles such as a SAFE (Simple Agreement for Future Equity), convertible note, or a priced round. In these scenarios, the Corporation may issue new preferred shares to investors in exchange for their investment. However, this approach leaves open the optionality of different approaches and strategies, based on member feedback.

In the future, we can also open funding to creative alternative sources, including Reg CF equity crowdfunding, revenue-based financing, cooperative loan funds, cooperative member loans, social impact bonds, community bonds, or other ideas proposed by members. Our goal is to raise only as much outside investment as necessary, instead prioritizing self-sustainability and profitability.

Diversified Fundraising

By diversifying fundraising sources, Subvert can mitigate the risks associated with dependence on any single source of investment. This approach reduces our vulnerability to market fluctuations or changes in investor sentiment, ensuring greater stability for our platform and community.

Cooperative Safeguards

To protect Subvert's cooperative principles, we plan to implement several guardrails when it comes to fundraising:

+ Maintaining a clear separation between the rights of Co-op Members and investors
+ Communicating transparently about the impact of investment
+ Involving stakeholder representatives in all major funding decisions

Adoption and Growth

The importance of effective distribution can't be overstated. Our approach to marketing, visibility, communication, and storytelling is not just something we view as important — it is one of the most critical elements in ensuring Subvert's success. Without effective adoption, even the best platform with the most equitable ownership will struggle to gain traction.

The initial response to Subvert has been encouraging. Thousands of individuals have joined the cooperative, and we've already garnered several pieces of earned media coverage. All of this has occurred organically, without dedicated marketing efforts, confirming the resonance of our concept and vision.

This early traction, while promising, is just the beginning. We'll be prioritizing direct outreach, both warm and cold to expand the reach of Subvert. However, to truly succeed, Subvert must strategically leverage the platform and model's inherent strengths:

+ User Ownership: Subvert is more than a marketplace — it offers users genuine ownership, control, and community. This unique value proposition, when clearly communicated, has the potential to catalyze significant interest and adoption.
+ Co-op Member Network: Each member of our cooperative is a potential ambassador and affiliate for Subvert. By equipping them with the tools and incentives to share the platform, we can create a powerful, organic engine for growth.

+ Ownership Rewards and Incentives: The Subvert Model creates a built-in incentive and reward structure to promote actions that contribute to healthy growth and sustainability of the platform.

Leveraging the Co-op Member Network

+ Broadcasting: Subvert will make it as easy as possible for Co-op Members to share the platform on their own social media channels, particularly through Instagram Stories. This means creating preformatted content that's easily shareable and optimized for mobile.

+ Co-signing: Every Subvert Co-op Member has their own audience, particularly artists and labels. We want to create a seamlessly integrated affiliate program providing these users with unique links that can be both tracked and rewarded with Ownership Points.

Unlocking Ownership as a Growth Flywheel

A key strategy — and perhaps Subvert's most innovative aspect — is to harness ownership not just as a means of aligning interests between users and investors, but as a powerful engine to drive growth. This is a latent potential that other cooperative platforms have yet to fully activate.

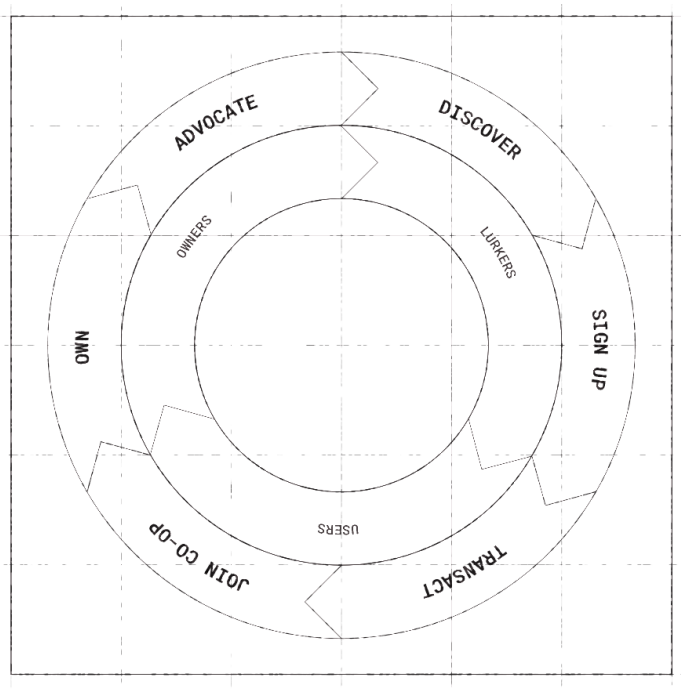


Fig. 8.1.
A growth flywheel is a self-reinforcing cycle where each step in the process feeds into and accelerates the next, leading to continuous growth. The Subvert Model is designed to effectively leverage ownership as the driving catalyst for growth

Designing Ownership to Drive Adoption and Engagement

Subvert is reimagining how ownership can serve as a compelling incentive for both user adoption and ongoing engagement. Unlike traditional loyalty programs or referral schemes, Subvert's Ownership Points create a tangible, lasting connection between users and the platform.

- Recurring Rewards: We plan to implement a system in which users can earn increasing Ownership Points based on their contributions to Subvert. This could include actions like uploading music, making purchases, or participating in governance of the Co-op.
- Milestone-based Bonuses: At key milestones, such as an artist's first 100 sales or a supporter's 10th purchase, additional Ownership Points may be rewarded.
- Community Contribution: We'll explore ways to reward non-transactional contributions, such as curating releases or participating in community moderation. This broadens the scope of valuable user actions beyond the traditional financial realm.
- Transparent Value Accrual: Through Subvert's Ownership Dashboard, Co-op Members will be able to see in real time how their actions yield Platform Shares and, by extension, the growing value of their stake in the platform.

Creating Viral Loops

Subvert aims to inject virality into ownership, creating natural incentives for Co-op Members to spread the word about the platform.

- Referral Rewards: When a Subvert Co-op Member successfully refers a new member, both may be rewarded with Ownership Points. This creates a win-win situation that encourages organic growth.
- Artist-Supporter Symbiosis: When supporters purchase from or otherwise support an artist on Subvert, both parties may receive Ownership Points. This creates a virtuous cycle in which artists are motivated to bring their supporters to the platform — where supporters are encouraged to further support artists.
- Network Effect Multipliers: We may implement a system in which a Co-op Member's Ownership Points increase based on the activity of their referrals. For example, a member's Ownership Points could grow in three ways:
    - Direct Referrals: A small increase for each new member they bring to the platform
    - Referral Success: Additional increases based on the ongoing success and activity of their referrals

This incentivizes not just referrals, but ongoing engagement of members' communities.

By weaving ownership into Subvert's growth strategy, we're doing more than acquiring users — we're building a community of committed, invested, and aligned Co-op Members. When people own a piece of something, they want to see it grow and succeed. This approach has the potential to create an engine for self-sustainability that sets Subvert apart from both traditional platforms and other co-ops.

Media Strategy

Social Media: Subvert will be strategic in our use of social platforms like Instagram, Twitter, and TikTok. These channels are watering holes, where many music communities already come together. We'll post content designed for each regarding:

+ Artist success stories and platform milestones
+ Explainers on our cooperative model
+ Legacy of solidarity movements and co-ops
+ Educational material on the importance and impact of ownership.

Physical Media: Physical media is likely to be a key medium for spreading Subvert's messaging. We're planning to produce:

+ Quarterly zines that coincide with the Quarterly Town Hall
+ Annual zines that coincide with the Annual Meeting
+ These may additionally be distributed at other locations, such as book stores or live music venues.

Explainers: We'll be investing in clear, engaging content that breaks down the Subvert Model.

+ Short, shareable videos that illustrate how Subvert works and benefits users
+ In-depth documentation for those who want to dig deeper into our co-op structure
+ Infographics that visualize more complex concepts, like distribution of Ownership Points

Paid Media and Affiliate Partnerships

We'll experiment with paid advertising, primarily focusing on social media platforms, with Instagram as our initial sandbox. Our campaigns will be focused on artist acquisition, showcasing the unique benefits of Subvert's collective ownership model.

We'll also explore the development of an affiliate program that aligns with our cooperative principles. This program will allow music industry stakeholders to become part of the Subvert ecosystem by driving artist acquisition, ultimately growing the pie for all members.

We'll also consider implementing an affiliate stategy, collaborating with a range of partners, including music newsletters, industry publications, and influential figures.

This will allow us to expand our reach and bring more artists into the Subvert community by offering a unique ownership incentive structure. Rather than traditional commission-based rewards, affiliates may have the opportunity to earn ownership stakes in Subvert based on their Ownership Points. This approach not only aligns with our cooperative ethos but also creates a powerful motivation for affiliates to become long-term advocates for our platform.

This is designed to benefit all Subvert members, not just benefit the affiliates themselves. Growing our network effects through partnerships benefits all members. More artists means a stronger network with more supporters.

Trust Building

Building and maintaining trust is critical to Subvert's success. We recognize that earning the trust of our artists and their supporters is fundamental to our growth and long-term sustainability. That entails:

+ Consistent Delivery on Promises
    + Setting realistic expectations and consistently meeting or exceeding them
    + When falling short, openly acknowledging it and providing a clear plan for improvement
    + Developing a public road map that outlines our short- and long-term goals, with regularly updates
+ Financial Transparency
    + Publishing quarterly financial reports accessible to all Co-op Members
    + Providing clear breakdowns of how funds are being used to develop and improve the platform
+ Regular Community Updates
    + Hosting quarterly platform town halls to discuss platform progress, challenges, and plans
    + Providing regular email updates to all Co-op Members
    + Maintaining an active blog with behind-the-scenes insights into our processes
+ Accessible Documentation
    + Maintaining an open-access knowledge base detailing our cooperative structure, governance processes, and financial models
    + Regularly publishing updates to our membership agreements and other key documents

Metrics and Key Performance Indicators

+ Artists: Number of artists to join the Subvert Platform and Co-op
+ Labels: Number of labels to join the Subvert Platform and Co-op
+ Supporters: Number of supporters to join the Subvert Platform and Co-op
+ Platform Activity: Number of transactions made through the platform, their average value
+ Engagement: Co-op Member participation in governance, use of Ownership Dashboard
+ Revenue: Total platform revenue, Co-op Membership revenue
+ Retention: User churn rates
+ Referrals: Number of users and members acquired through referrals
+ Releases: Number of tracks, albums, and merch added to the platform
+ Media: Earned media mentions, reach of coverage

Navigating Outcomes: Compromises & Pitfalls

In order to succeed at making this actionable plan a success, Subvert must seriously consider areas where our best attempts can nevertheless go wrong or where strategic compromises must be made. This plan aims to present viable responses to such potential challenges, but we recognize that adequate solutions are often unforeseeable, negotiable, and complex. We are attempting to walk a fine line that may create discomfort for both co-op purists and conservative investors. Ultimately, how we execute this plan depends on integrity and pragmatism. We want to make the most significant cultural and economic shift possible, while simultaneously giving Subvert the best chances of succeeding in a competitive market. We don't just want to fulfill our ideals — we want to win.

Some of the key compromises and potential pitfalls that Subvert may face, as well as how we would address them, are:

+ Outside Investment: Taking outside investment presents the most significant avenue for potential issues. For those who believe that no co-op should accept outside investment, we hold your concerns close to heart. However, we believe strategic use of fundraising is necessary for achieving our vision at scale. We say this from experience. We have bootstrapped cooperatives before and have the scars to prove it. Adequate funding is critical to building a platform like Subvert.

  Potential Pitfalls

  + Overfunding: Diluting the Co-op's ownership too much by taking excessive outside investment
  + Underfunding: Risking worker burnout, platform instability, and poor user experience due to lack of resources

  Mitigation Strategies

  + Prioritizing self-sustainability and fundraising only as much as we absolutely need
  + Leveraging the separation of legal entities to protect cooperative control
  + Seeking investors aligned with our long-term vision
  + Implementing robust safeguards for Co-op Members to maintain operational control
  + Aiming for profitability and financial stability quickly to reduce reliance on outside investment

+ Governance Balance: Striking the right balance between democratic participation and operational efficiency will be essential for the Subvert Co-op to function.

  Potential Pitfalls

  + Over-delegating: Alienating Co-op Members by failing to seek their input on matters relevant to them
  + Under-delegating: Overwhelming Co-op Members by seeking their input on matters irrelevant to them

  Mitigation Strategies

  + Implementing a transparent governance structure with clear delineation of responsibilities
  + Streamlining participation in decision-making processes
  + Avoiding a culture of decision by committee

+ Co-op Principles at Scale: Cooperative values fluctuate as the platform grows, attracting users who may be passive or active in its governance.

  Potential Pitfalls

  + Platform-heavy: The platform obscures the utility of governance
  + Governance-heavy: Governance obscures the utility of the platform

  Mitigation Strategies

  + Embedding co-op functions into the platform's technology and user experience
  + Regularly sharing and reaffirming the platform's mission and values
  + Implementing accountability measures tied to cooperative principles

Ultimate Remedy: Collective Ownership

The unprecedented level of collective ownership serves as Subvert's ultimate mitigation for many potential pitfalls. By aligning the interests of users and investors with the platform's success, we create conditions for structural accountability, responsiveness, and resilience. Our collective ownership allows us to balance growth and values, resist short-term financial pressure, and maintain our commitment to cooperative principles.

Projections

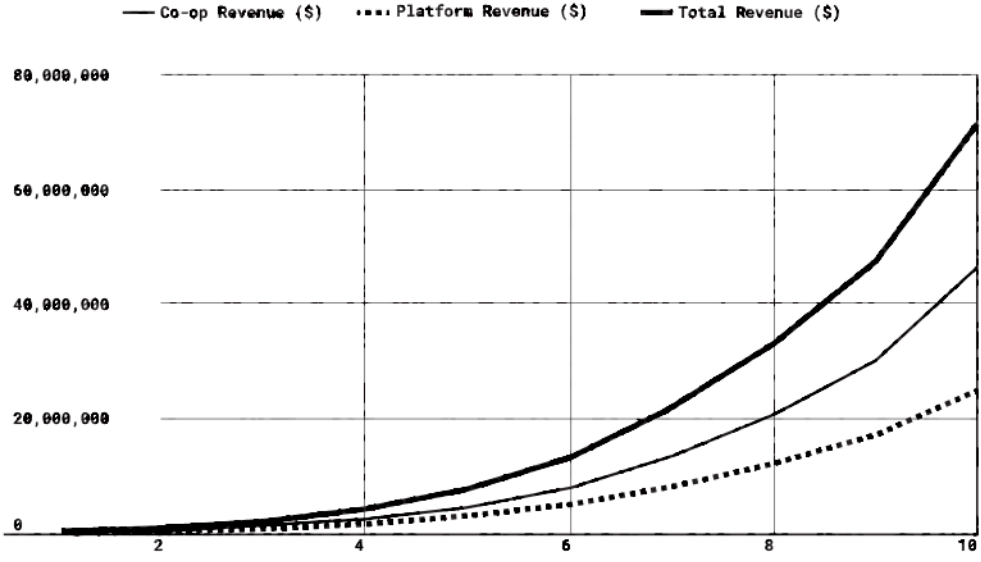
The integration of the Co-op memberships not only creates loyalty and incentive alignment, but also creates a significant revenue stream. By the time Subvert achieves the same GMV as Bandcamp, our total revenue could extend to several times higher.

Assumptions:

+ Starting with 5,000 artists in Year 1
+ Absorbs Bandcamp's current GMV by Year 10
+ Artist churn rate of 15%
+ Average of 20 supporters per artist in Year 1, growing by 5% annually
+ 15% of supporters become Co-op Members, paying $20 annually
+ Average platform fee of 12.5% on all sales
+ Average sales per artist: $400

Fig. 8.2.
Projections

Year	Artists	Supporters	Total GMV ($)	Co-op Revenue ($)	Platform Revenue ($)	Total Revenue ($)
1	5,000	100,000	2,000,000	300,000	250,000	550,000
2	10,500	220,500	4,200,000	661,500	525,000	1,186,500
3	20,475	450,450	8,190,000	1,351,350	1,023,750	2,375,100
4	37,669	866,387	15,067,600	2,599,161	1,883,450	4,482,611
5	65,420	1,570,080	26,168,000	4,710,240	3,271,000	7,981,240
6	107,943	2,698,575	43,177,200	8,095,725	5,397,150	13,492,875
7	168,391	4,546,557	67,356,400	13,639,671	8,419,550	22,059,221
8	247,535	6,930,980	99,014,000	20,792,940	12,376,750	33,169,690
9	346,549	10,049,921	138,619,600	30,149,763	17,327,450	47,477,213
10	500,000	15,500,000	200,000,000	46,500,000	25,000,000	71,500,000



Going to Market

Our go-to-market strategy centers on storytelling to build a sense of confidence, momentum, and even inevitability through each phase of development.

Phase I: The First Brick

Laying the foundation for constructing an alternative future. Our first brick: A symbol of defiance and the start of something new. Subvert debuts with a website featuring the essay "A Collectively Owned Bandcamp Successor" and a countdown. Users can express interest in joining the Co-op as artists, labels, or supporters.

Timeline: August 1 to October 17

Website: Landing page with essay, email sign-up, and Co-op interest form

Actions

+ Focus outreach on founding Co-op Members, especially artists
+ Launch and grow social media presence
+ Secure initial press coverage

Goals

+ 3,500 email addresses
+ 1,000 artist sign-ups
+ 100 label sign-ups
+ 1,000 Instagram followers
+ 1,000 Twitter followers
+ First press interviews

Phase II: The Foundation

Solidifying the rules and structures underlying the Subvert Co-op. A codification of care to support our collective vision. Launch of *Plan for the Artist-Owned Internet*, aiming to sell 1,000 copies, which double as a subscription for Co-op Membership, to raise $100,000 in initial funds. Post-sale, focus shifts to artist and label sign-ups.

Timeline: October 17 to December 31

Website: Update to market *Plan for the Artist-Owned Internet*, then transition to artist and label membership drive

Actions

+ Sell *Plan for the Artist-Owned Internet*
+ Onboard artists and labels
+ Build platform v1 infrastructure
+ Finalize bylaws, member agreement, and platform policy with membership

Goals

+ 2,000 Co-op Members
+ $100,000+ in funds via membership drive

Phase III: Soft Infrastructure

Beginning to introduce the Subvert Platform as a cultural, social, and economic vehicle for the Co-op. Continued transparent fundraising effort, marked by the first Subvert Quarterly Town Hall and distribution of Ownership Points via the Ownership Assembly.

Timeline: January 1 to April 1

Website: Platform beta

Actions

+ Beta test platform with Co-op Members
+ Conduct first Board of Directors election
+ Host first Subvert Quarterly
+ Distribute first Ownership Points

Goals

+ Beta launch
+ $350,000 in funding via investment

Phase IV: Full Launch

Beta testing and a public launch of the Subvert platform.

Timeline: April 1 to July 1

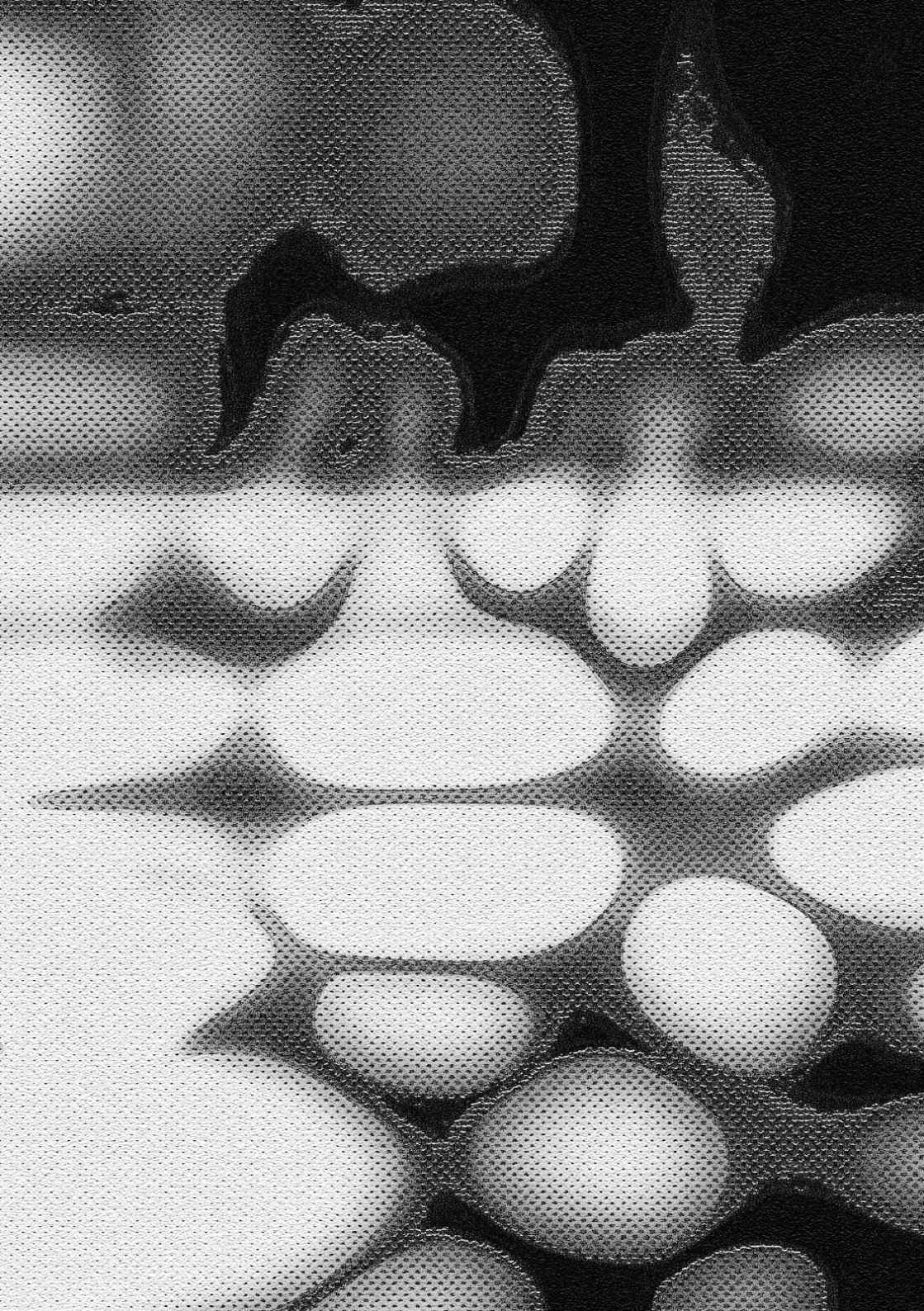
Website: Platform v1

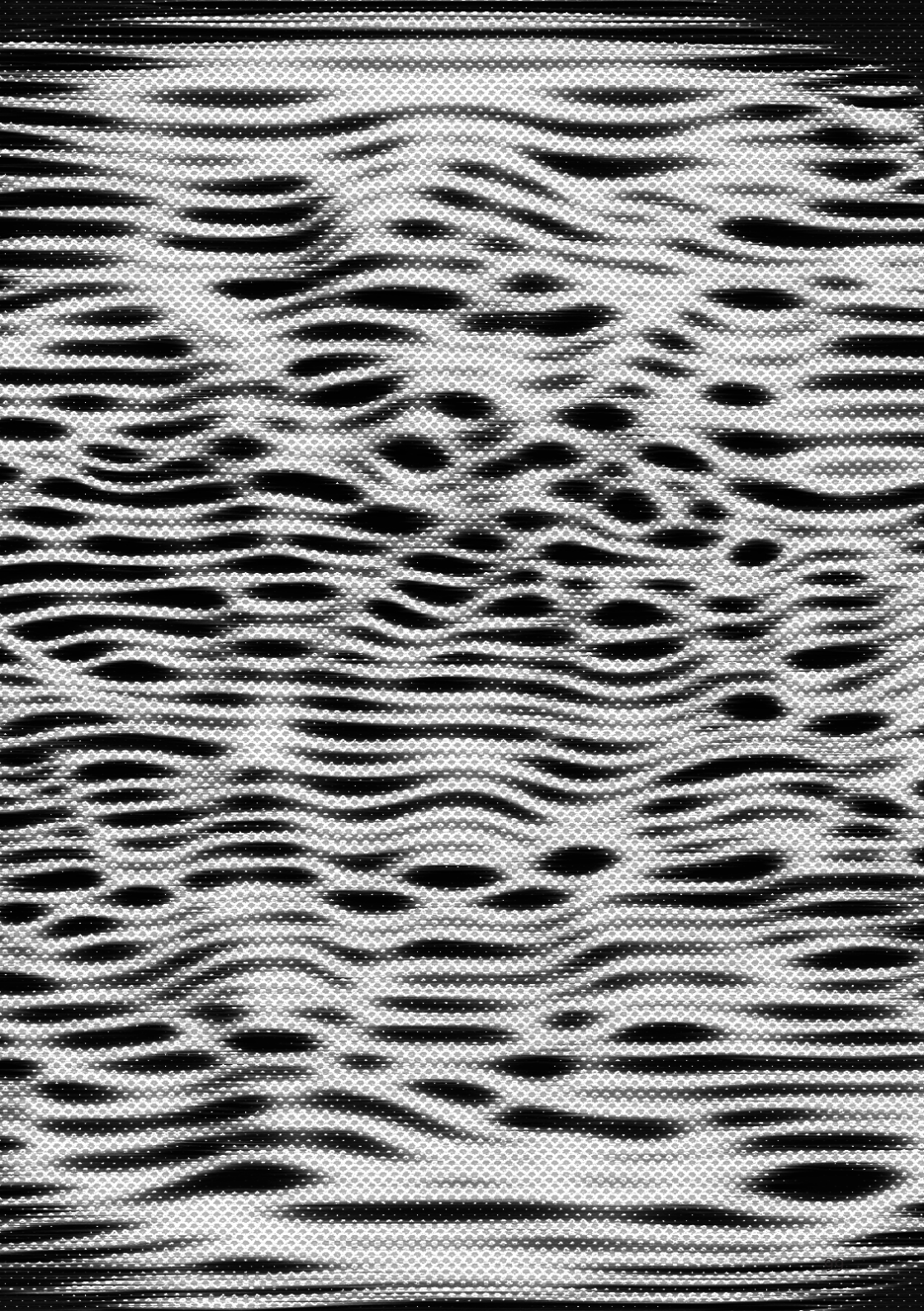
Actions

+ Launch platform to general public
+ Initiate large-scale, community-leveraged marketing campaign
+ Regular platform updates based on user feedback
+ First community-wide governance vote

Goals

+ $1 million in annual platform transactions





VIII.

DOCUMENTS

Documents

Here you'll find a selection of documents related to the Subvert Platform and Co-op. Some are drafts. All are amendable.

Subvert Co-op's Bylaws

Subvert's Bylaws are the rules that govern the cooperative's operations. They are formal and relatively difficult to change, typically requiring a vote of the entire membership. The key contents are:

+ Organizational structure and purpose
+ Membership qualifications and classes
+ Board of Directors structure and election procedures
+ Voting rights and procedures
+ High-level financial management principles
+ Amendment procedures

These elements are placed in the Bylaws because they are fundamental to the Subvert Co-op's identity and operation. They require stability and should not be easily changed without significant member input.

Subvert Co-op Member Agreement

The member agreement is a relatively flexible document that outlines the specific rights, responsibilities, and expectations of members in their day-to-day interactions with the Subvert Co-op. The key contents are:

+ Detailed membership terms and conditions
+ User activity definitions and reward structures
+ Platform usage rules and guidelines
+ Dispute resolution procedures

These elements are in the member agreement because they may need more frequent updates to adapt to changing circumstances, user needs, or legal requirements. Subvert's Board of Directors can typically update the member agreement without a full membership vote, allowing for greater agility.

Subvert Platform Privacy Policy

The privacy policy outlines how Subvert collects, uses, shares, and protects data generated when users interact with the platform. The key contents are:

- Types of data collected (e.g. user information, financial data, website activity)
- Purposes for collecting and using data
- How data is shared with third parties
- Data retention practices
- User rights regarding their data (e.g. access, correction, deletion)
- Security measures to protect data
- Use of cookies and analytics tools
- How to contact Subvert about privacy concerns

The privacy policy ensures transparency about data practices, complies with legal requirements, and informs users about how their information is handled. It helps users make informed decisions about sharing their data and understanding their privacy rights when using Subvert.

Articles of Incorporation

The founding legal document filed with the state of Colorado to establish Subvert Cooperative LCA. It outlines the cooperative's basic structure, purpose, and initial rules for membership, including how artists, labels, and supporters can become members before the bylaws are finalized.

Subvert Platform Terms of Use

The terms of use is an agreement between Subvert and its users, which outlines the rules and guidelines for use of the platform. It serves as a contract that users must agree to in order to access and make use of Subvert's services. The key contents are:

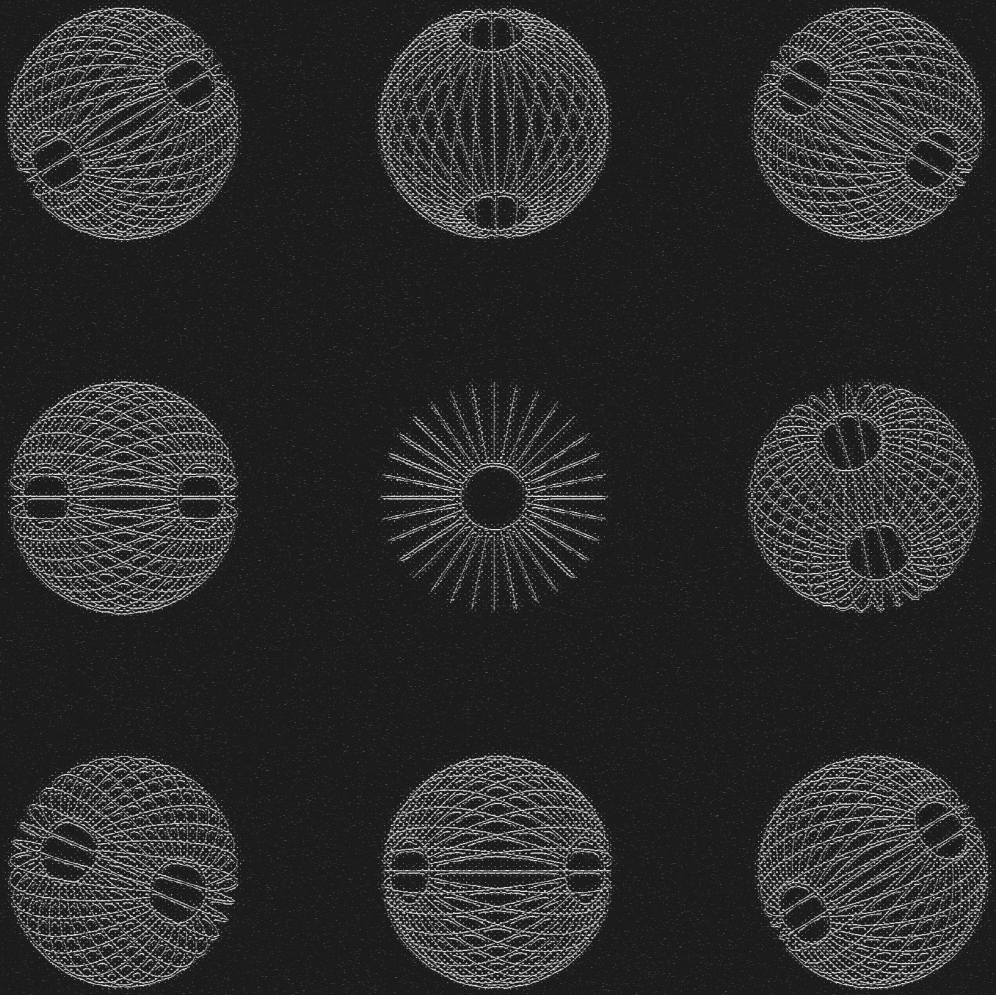
- User eligibility and account creation requirements
- Acceptable use policies and prohibited activities
- Content submission and licensing terms
- Payment terms and refund policies
- Platform functionality and service limitations
- Termination and account suspension conditions
- Disclaimer of warranties and limitation of liability
- Dispute resolution and governing law

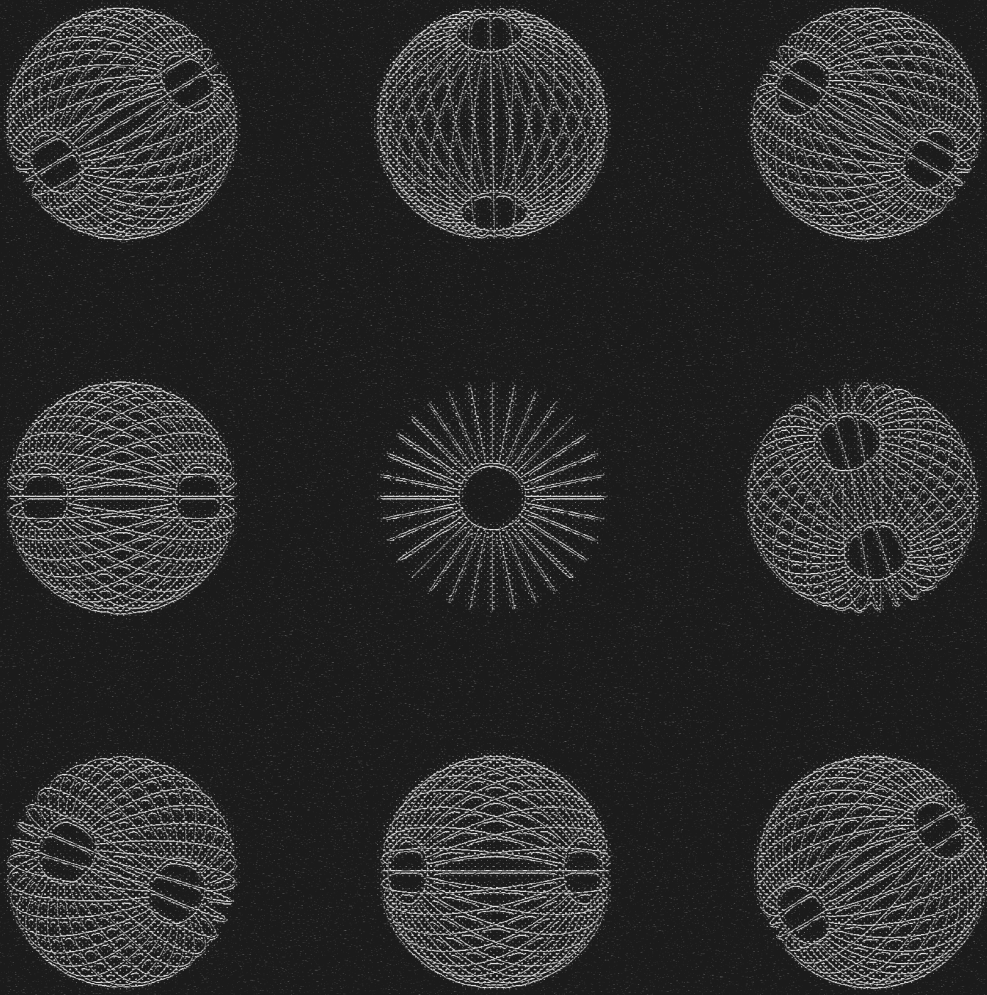
The terms of use can be updated more frequently than the bylaws or member agreement to adapt to changing legal requirements or platform features.

Subvert Development Agreement

This an agreement between the Subvert Co-op and Subvert Corporation defining how the platform's intellectual property is shared and managed between the two.

This agreement allows the Co-op to license the platform from the Corporation through a comprehensive development agreement. This also outlines how the Corporation contracts the Co-op to build and maintain the platform.





IX.

POSSIBILITIES

Possibilities

This document is more than a business plan or a set of legal agreements. What we are presenting here is a long-term vision, extending decades into the future — a road map for seeding transformative change across the economy.

Our ambition with Subvert extends beyond creating an online marketplace. We want to promote a new paradigm for how businesses can, and should, be owned and controlled — collectively. This vision is not just for the immediate future of our platform, but to seed a shift across the broader economy.

Subvert's Transformative Potential

We aren't measuring success by quick exits or short-term financial gains. Success for us is achieving longevity and a lasting impact on both culture and business. As a mutualist organization, we want Subvert to be a resilient institution that can outlast its members.

While some may view our plans as impractical or overly ambitious, this document represents a carefully crafted strategy that balances a utopian vision with pragmatic execution. If we can successfully demonstrate the viability of our model, we won't just be creating a better Bandcamp — we'll shift our collective imagination of what's possible.

When it comes to current online platforms, there's not much to feel hopeful about. It's easy to feel cynical and pessimistic. But we want to rekindle optimism. We want to prove that a better internet is possible.

If we prove that collective ownership can be a winning competitive advantage, we think we will permanently change start-up culture. We will have engineered an evolution of business, opening up the possibilities for how future efforts are founded, funded, and governed.

It's ambitious, but we hope Subvert's success will lay the groundwork for a new economy, one built on collective ownership, democratic governance, and real power for all those involved. A future owned by us is possible.

Stages of Success

+ Business Viability: The Subvert Platform demonstrates that the Subvert Model is not only viable, but competitive
+ Cultural Shift: The Subvert Model gains increasing awareness, acceptance, and adoption of collective ownership and democratic governance
+ Model Proliferation: The Subvert Model proves replicable, inspiring similar initiatives across new sectors
+ New Paradigm: Initiatives built on the Subvert Model form a cooperative ecosystem, fundamentally changing the economy

Prism of Possibilities

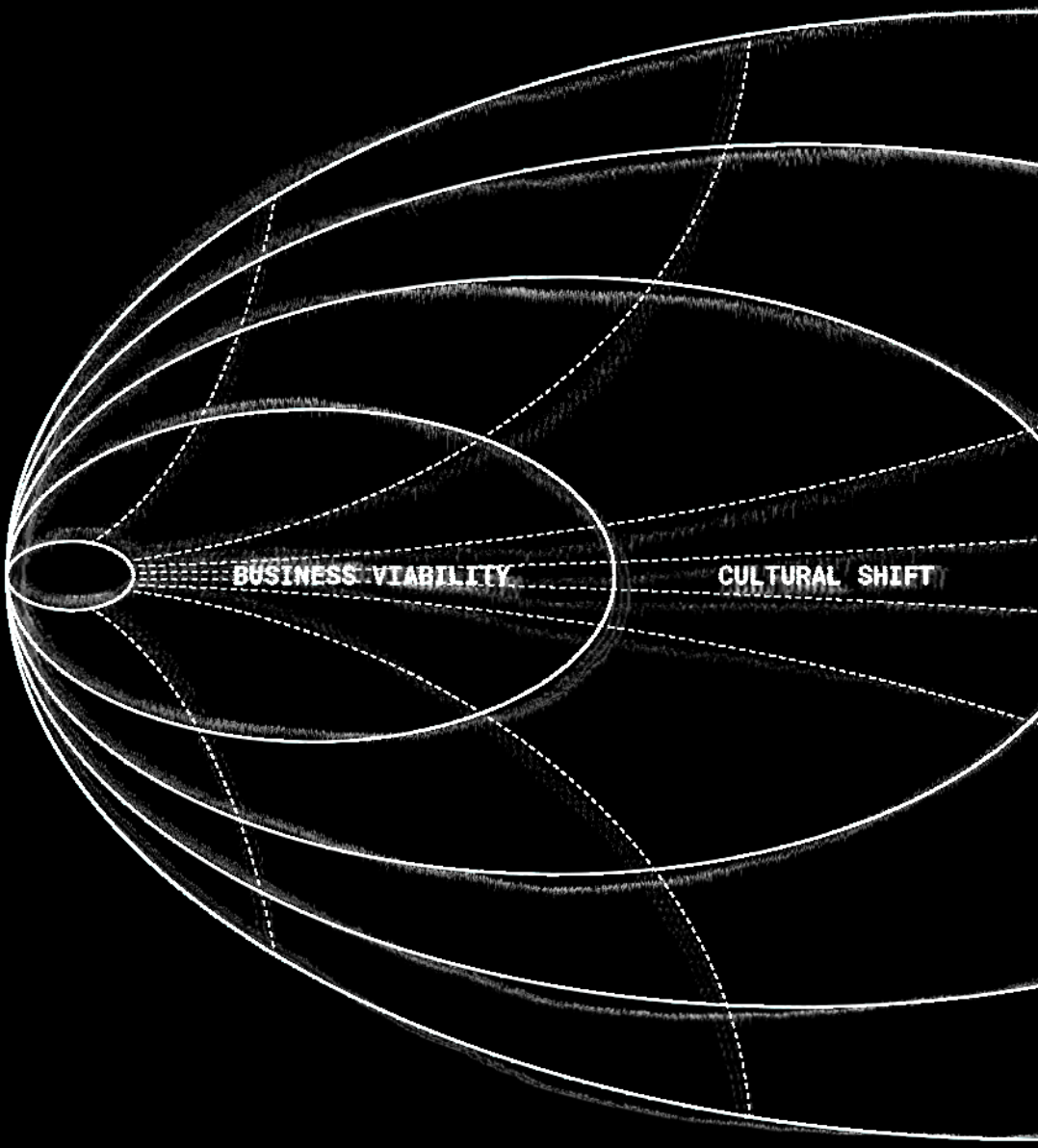
Unlike many start-ups that begin without considering their long-term trajectory or potential endings, we recognize the importance of thoughtful succession planning. The recent experiences of platforms like Bandcamp have highlighted the vulnerabilities that arise when an initiative lacks clear vision for its future.

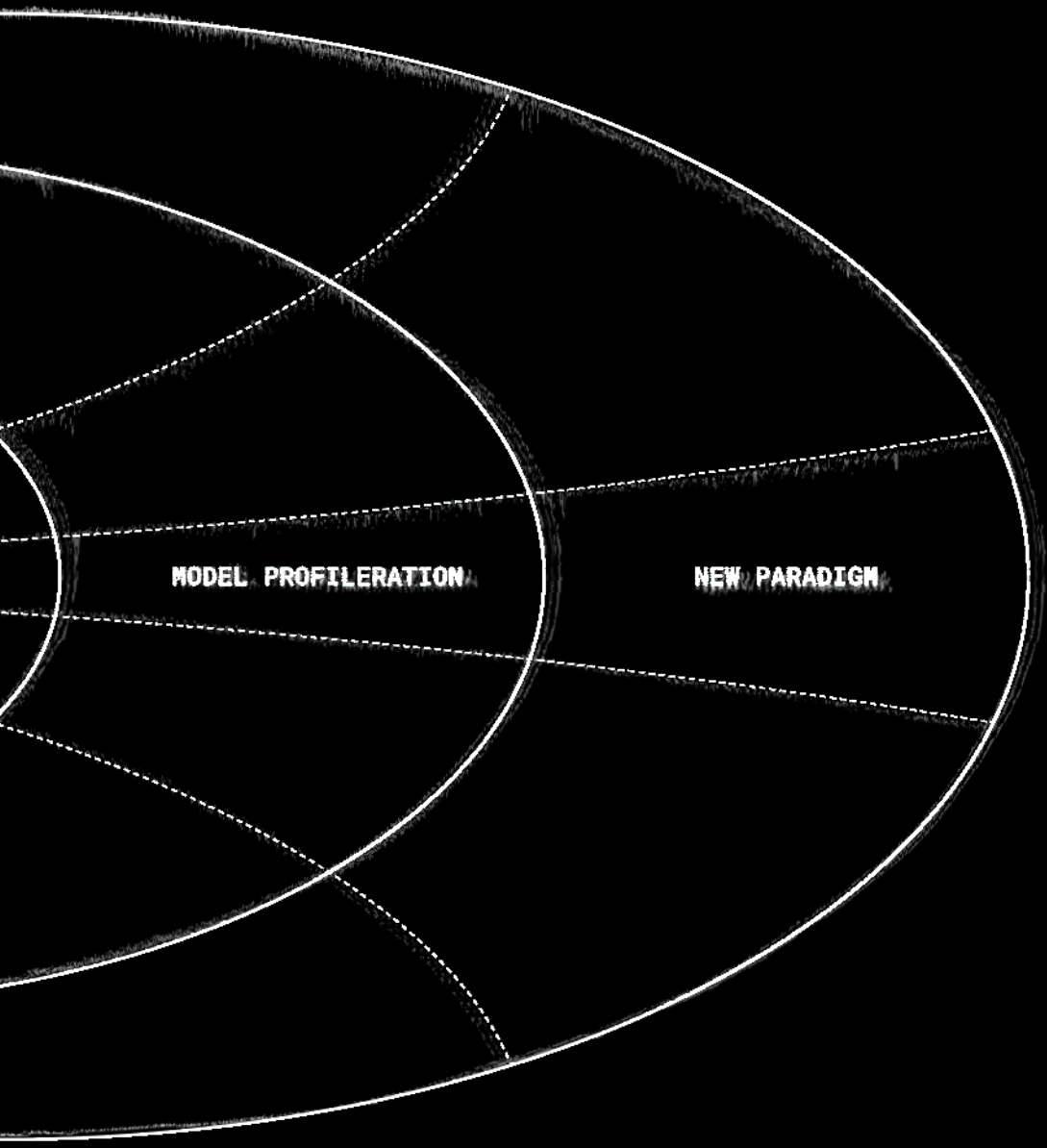
With this in mind, we've deliberately crafted a more expansive yet nuanced approach to Subvert's potential futures. We call this our "Prism of Possibilities," a spectrum of potential outcomes that reflects our commitment to collective ownership and long-term sustainability. This prism represents possible futures beyond just exit strategies, but evolutionary pathways that the Subvert Co-op can explore and pursue based on the collective will of Co-op Members.

By aligning the interests of users and investors at a foundational level, Subvert creates conditions for a range of positive outcomes. Our cooperative structure and governance model ensure that artists and their supporters have agency in shaping the platform's future. All possible outcomes within our prism are guided by a central principle: If there's a pathway for users to recapture the value they create, we leave that door open. By outlining this range of scenarios, we aim to demonstrate the flexibility and resilience of the Subvert Model, as well as our dedication to transparency and collective decision-making.

+ Self-Sustained Profitability: Subvert becomes self-sustaining and profitable, returning profits to Co-op Members through dividends.
+ Leveraged Buyout of Investors: Subvert pursues a leveraged buyout to return preferred shares held by investors back to the Co-op.

Fig. 10.1. The progression of Subvert's broader impact through its stages of success




MODEL PROFILERATION
NEW PARADIGM

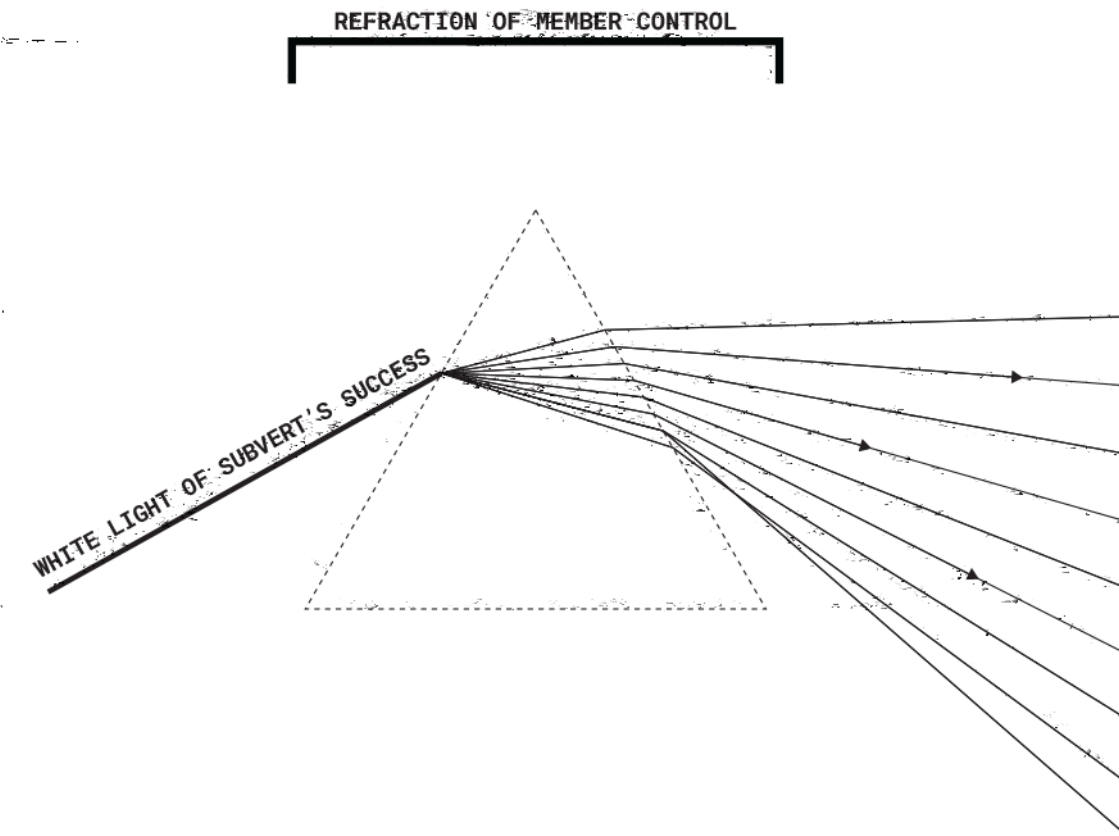
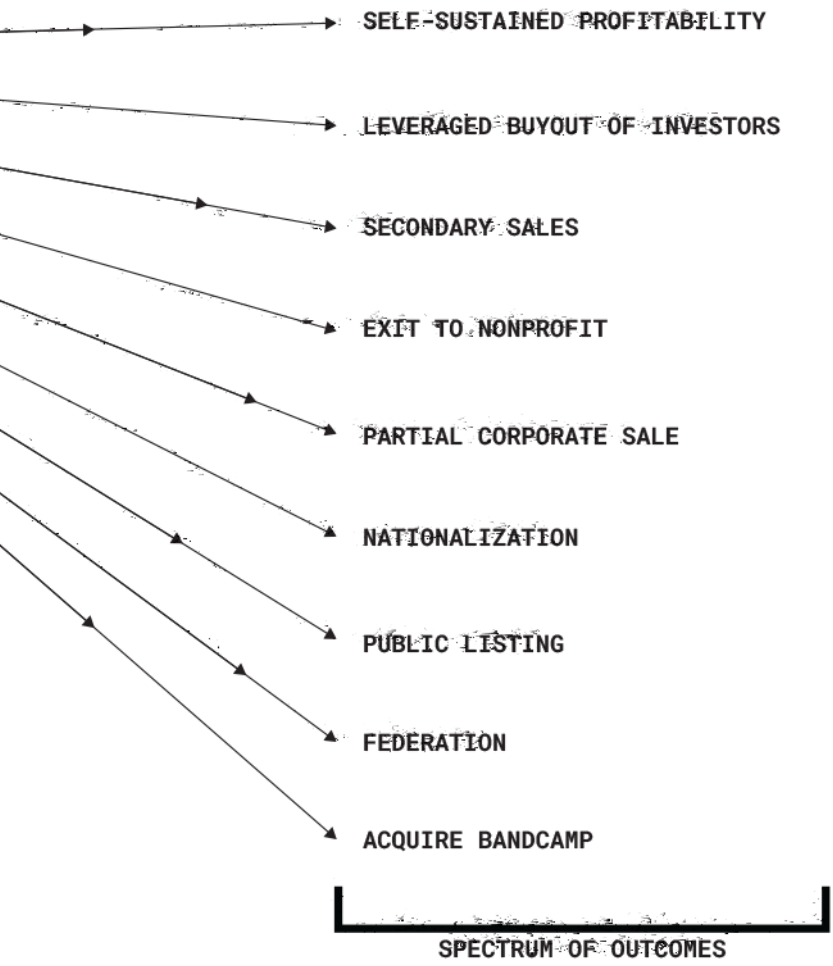


Fig. 10.2. Subvert's Prism of Possibilities outlines a range of potential outcomes. Each outcome is filtered through a layer of member control, allowing Subvert's outcomes to be determined by its membership of artists, labels, workers, and supporters


SELF-SUSTAINED PROFITABILITY
LEVERAGED BUYOUT OF INVESTORS
SECONDARY SALES
EXIT TO NONPROFIT
PARTIAL CORPORATE SALE
NATIONALIZATION
PUBLIC LISTING
FEDERATION
ACQUIRE BANDCAMP
SPECTRUM OF OUTCOMES

+ Secondary Sales: Subvert updates its bylaws to allow Co-op Members to sell their Ownership Points, providing liquidity while preserving the Co-op.
+ Exit to Nonprofit: Subvert sells the Corporation, or a portion of the Corporation to a nonprofit where operational control continues to be held by the Co-op, while economic rights become held by a charitable organization.
+ Partial Corporate Sale: Subvert sells a portion of the Corporation, while retaining the rest, maintaining significant collective ownership and control.
+ Nationalization: Subvert becomes a public utility, recognized as critical infrastructure for independent artists.
+ Public Listing: Subvert goes public, offering shares in the Corporation while retaining cooperative operational control.
+ Federation: Subvert evolves into a network of interconnected services, forming a federated cooperative ecosystem.
+ Acquire Bandcamp: Subvert Co-op purchases Bandcamp, integrating it within its collective ownership structure.

A Nuanced Position on Exits: Creating Positive Outcomes

An "exit" refers to one of two familiar paths for start-ups: When it is bought by a bigger, more boring company, or when it goes public on a stock exchange. These events usually result in a significant payday for investors and founders. However, the users who have come to rely on the start-up rarely share in this windfall. Given that these users are what creates value in a start-up, how might we reimagine exit strategies to benefit those who contribute to a company's success?

The concept of "exits" in the start-up world often carries negative connotations, particularly in the context of platforms like Bandcamp, whose founders and investors sold the company without any community input or transparency. This skepticism around exits is not without reason, as traditional exits leave users feeling betrayed or powerless for several reasons:

+ Users are excluded from the decision-making process
+ Users are unable to reap any benefits from the exit
+ Users are unable to negotiate elements of the service to be preserved by the new owners

At Subvert, we recognize these concerns and aim to reimagine what exits can and should be. While the goal of Subvert is not to seek an exit, our goal it to create conditions where, if an exit were to occur, it would lead to positive outcomes for users.

Lessons from New Belgium Brewery

New Belgium Brewery offers one example of how an exit can be beneficial to more than just investors. Founded in 1991, New Belgium became one of the largest craft breweries in the United States, known for being worker-owned and committed to sustainability.

In 2000, New Belgium established an Employee Stock Ownership Plan, becoming 100% worker-owned by 2012. When the company was acquired by Lion Little World Beverages in 2019, the exit resulted in significant financial benefits for its worker-owners:

+ Over 300 workers received more than $100,000 each in retirement money, with some receiving substantially more.
+ The total amount paid to current and former workers reached nearly $190 million over the life of the ESOP, including the final transaction.
+ Some reports suggest that the total payout to workers exceeded $200 million.

Is the exit by New Belgium Brewery something to mourn or celebrate? On one hand, there is one less successful worker-owned business. On the other hand, the workers achieved life-changing comfort, safety, and security. Workers celebrated the outcome.

New Belgium Brewery's exit is an example of how realigned interests can create a more nuanced scenario than a traditional exit. Thoughtful ownership structures create the possibility of turning an exit into a positive outcome for a broad base of stakeholders.

Subvert's Approach to Potential Exits

While Subvert is built for long-term sustainability and community control, we acknowledge that circumstances may arise where some form of exit or transition, including a partial exit, could be considered — and possibly even advocated for by artists with a significant stake in the platform. Our approach to such scenarios will be guided by the following principles:

+ Collective Decision-Making: Any significant change in Subvert's structure or ownership will be subject to a democratic process involving Co-op Members.
+ Transparent Communication: Subvert will provide clear, timely, and comprehensive information about any potential exit scenarios, allowing relevant parties to make informed decisions.
+ Equitable Distribution: Our cooperative structure ensures that any financial benefit from an exit would be distributed among Co-op Members — not concentrated in the hands of founders or investors.
+ Exploration of Alternatives: We will actively explore and consider alternative exit strategies that align with our cooperative principles, such as transitions to nonprofit stewardship.
+ Negotiating Power for Users: In the event of any exit talks, representatives elected by Co-op Members will have a seat at the negotiating table to advocate for users' interests.

By incorporating these principles into our governance structure and decision-making processes, we aim to transform the concept of an exit from a potential threat into the possibility of more positive outcomes for users. While Subvert will not push for any particular outcome or exit strategy, our goal is to prepare for all potential scenarios and ensure that if Subvert ever undergoes a major transition, it will be done in a way that respects and rewards everyone who built it.

Eroding & Dismantling Platform Capitalism

Subvert's strategy is designed to work within the system we have, not the system we want. We recognize that meaningful change must often come from within unreformed structures, forcing reformers to leverage what exists to build what they want to replace it.

Our approach is designed to:

+ Operate within the current market while demonstrating a more equitable model
+ Utilize existing legal and financial frameworks to build a competitive cooperative structure
+ Maintain accessibility to traditional fundraising to grow — but on our own terms
+ Compete directly with established, yet compromised, platforms such as Bandcamp

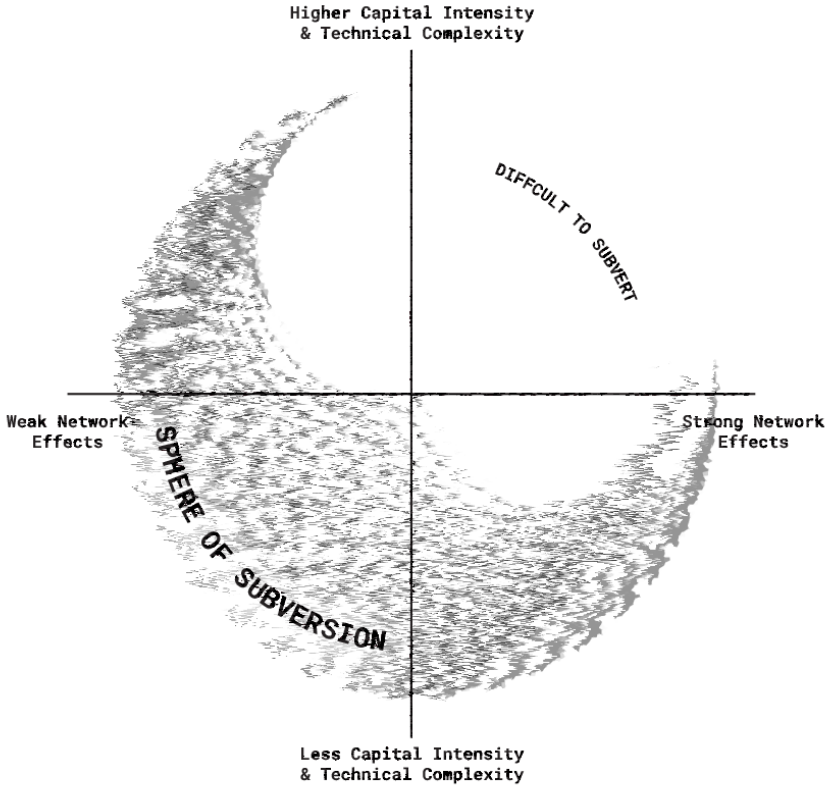


Fig. 10.3. The Subvert Model can become a playbook for undermining the network effects of entrenched incumbents through collective ownership. After Subvert demonstrates the success of its approach, a broad landscape of incumbents will be viewed as vulnerable to subversion.

By proving the Subvert Model's viability within the current market, we aim to further erode the foundations of exploitative platform capitalism, where businesses like Bandcamp succeed by virtue of their artists and workers — then turn around and sell them out. Our goal is to demonstrate that collective ownership and democratic governance are not just idealistic concepts, but can be competitive advantages in an unforgiving market. As we gain traction and market share, we will create pressure points for competitors, driving broader systemic change. Ultimately, we hope to dismantle the concentrated financial and decision-making power which is the defining characteristic of the current platform economy.

The Subvert Model allows us to create significant impact while operating on relatively familiar terrain, making our platform more accessible and less easily dismissed by skeptics. It's a strategic path to transformation that doesn't require an immediate overhaul of the entire system, but instead works to change it from the inside out.

Sphere of Subversion

The Subvert Model, if proven successful, will underscore the potential for collectively owned platforms to challenge a landscape of current incumbents. Our approach will reveal that certain entrenched platforms are indeed susceptible to subversion. That vulnerability is particularly evident in:

- Platforms with weaker network effects, whose users can easily transition to alternatives without significant loss or inconvenience
- Two-sided marketplaces, where incentives to both buyers and sellers can help overcome the challenges to transitioning
- Less capital-intensive solutions, in which developing competitive alternatives doesn't require as much up-front investment
- Less technically complex services, in which the technology necessary to build a viable alternative is more accessible

The Mondragon of Music: Our 50-Year Vision

Inspired by the world's largest cooperative in Spain, we envision Subvert evolving into a comprehensive ecosystem serving the needs of Co-op Members.

Mondragon, founded in 1956 as a home appliance manufacturer, has grown into a vast network of cooperatives including a bank, university, construction company, and grocery chain — all owned by their community. What connects all these seemingly unrelated ventures? One thing: They serve the existing needs of its members.

Our vision for Subvert is to become the "Mondragon of Music."

When the Subvert Co-op grows to hundreds of thousands or millions of members, radical possibilities begin to emerge. What becomes possible when a large scale self-governing community is organized within their own legal container?

Imagine a future where Subvert begins to launch new enterprises, each one existing to meet the evolving needs of our community.

What services are needed by Subvert Co-op Members? The answer could be a vinyl record pressing plant, a music venue, a credit union, a housing cooperative, and beyond. The Subvert Model provides a blueprint for incorporating new services into the network.

Using the Subvert Model as a legal and organizational protocol, each new venture can plug into a system with built-in mechanisms for raising investment and sharing ownership back with Co-op Members, offering several advantages:

- A built-in network of customers
- An aligned network with proven incentive structures
- Ways to distribute ownership of new businesses with participating Co-op Members
- Shared resources and economies of scale

This expansion could work through a similar process demonstrated by Mondragon: Allowing new or existing businesses to apply to join, reviewing their fit with Subvert's cooperative values, and then

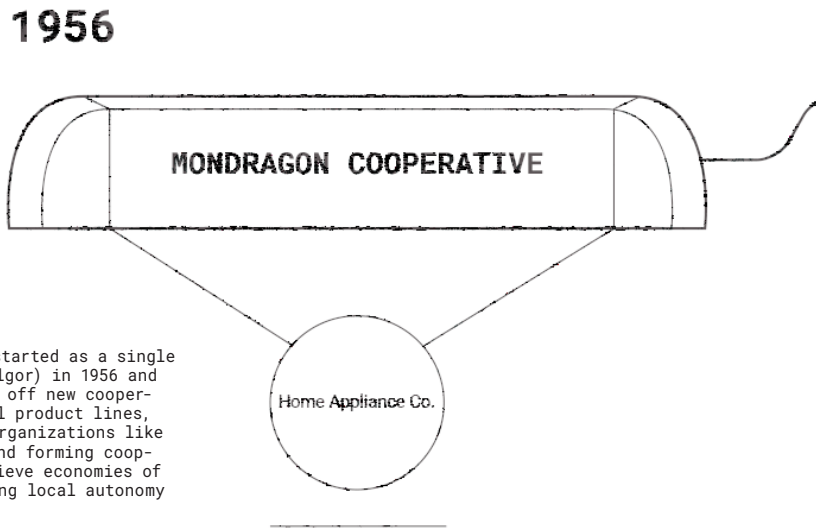


Fig. 10.4. Mondragon started as a single worker cooperative (Ulgor) in 1956 and then grew by spinning off new cooperatives from successful product lines, creating supporting organizations like a cooperative bank, and forming cooperative groups to achieve economies of scale while maintaining local autonomy

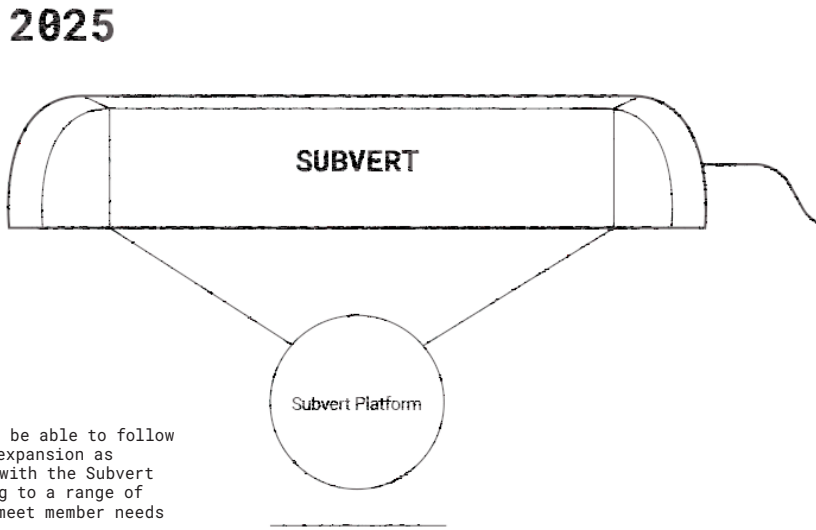
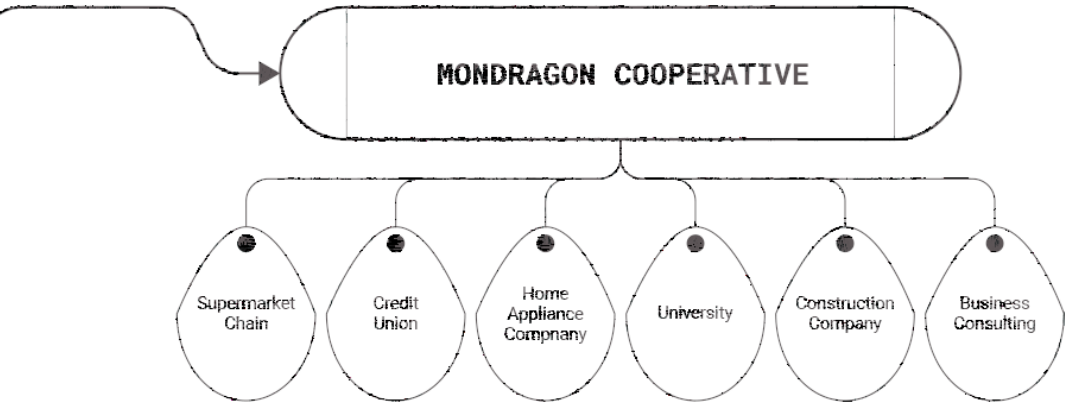
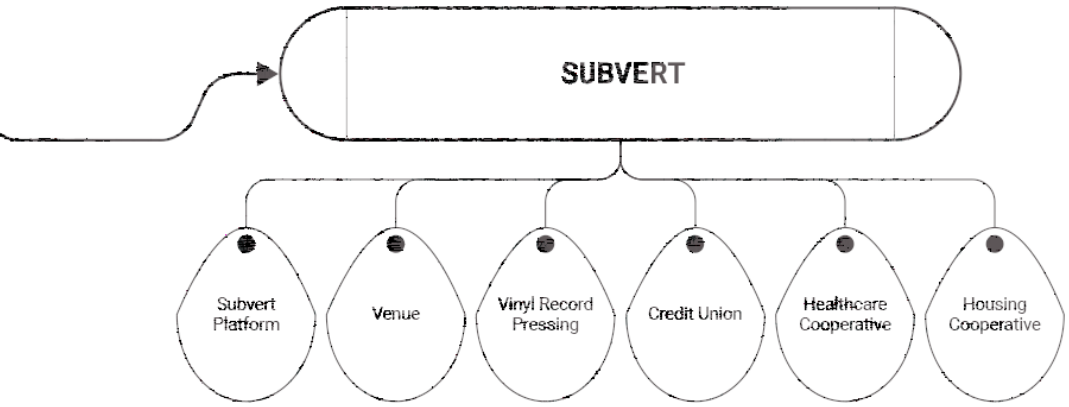


Fig. 10.5. Subvert may be able to follow a similar pattern of expansion as Mondragon, beginning with the Subvert Platform and expanding to a range of other enterprises to meet member needs

2024


MONDRAGON COOPERATIVE
Supermarket Chain
Credit Union
Home Appliance Company
University
Construction Company
Business Consulting

2075


SUBVERT
Subvert Platform
Venue
Vinyl Record Pressing
Credit Union
Healthcare Cooperative
Housing Cooperative

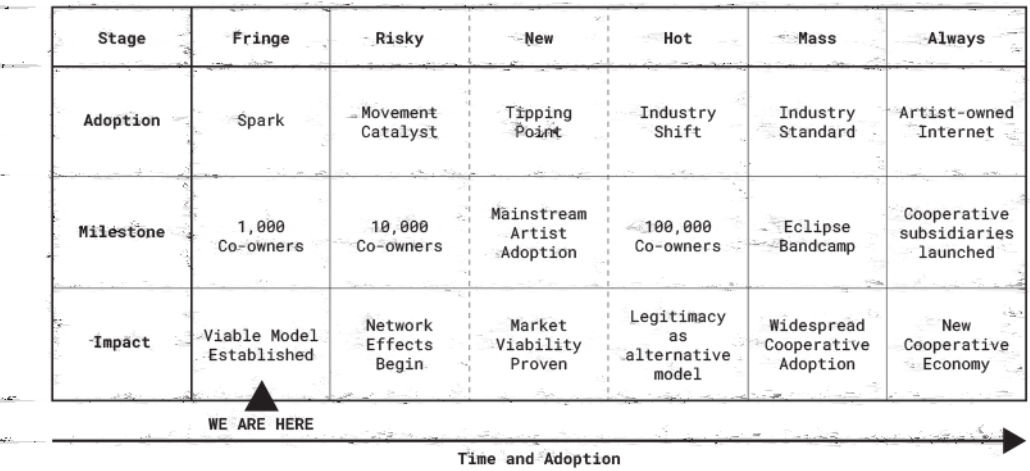


Fig. 10.6. Subvert's projected cultural influence and market penetration over time, showing how collective ownership shifts from a niche concept to ubiquitous standard

integrating based on Subvert's standards for collective ownership and control.

This concept of a "Mondragon of Music" might seem like an idealist fantasy. But this isn't fiction. In fact, this proposal is more grounded in reality than the vast majority of start-up pitch decks today, because the precedent set by Mondragon already exists.

The legal and organizational foundations we're establishing with Subvert make the vision of a Mondragon of Music not just possible, but achievable. The power of the Subvert Model lies in its ability to shape a future where we collectively own not just an online platform, but an entire new economy. This is a vision measured not in years, but in decades.

While our goals are lofty, our focus is grounded in the present. Our immediate priority is to build and launch the Subvert Platform — the first step in this long journey. As we grow, each new Co-op Member will bring us incrementally closer to our long-term vision.

This plan is ambitious, but we believe it's not only possible — it's necessary. The future of music demands a more equitable, sustainable model. The future demands more, period.

Conclusion

In this document, we have outlined several organizational, legal, and technical strategies and interventions for enabling collective ownership online. However, underneath it all, the real solution is something deeply human: Solidarity.

Solidarity is more than a concept — it's a practice of standing together to recognize our shared struggles and aspirations. It's about aligning our individual actions toward better shared outcomes. It's what allows us to transform abstract notions of cooperation into concrete economic and social benefits.

Solidarity doesn't spontaneously emerge from shared problems. It needs to be built and organized. New models don't just appear.

That's where we all come in. Solidarity requires coalitions. Readers of this document may range from artists to tech workers, from curious observers to potential investors. This diversity is not just welcome — it's essential. We've built this effort to include not just those directly affected by the inequities of the current music industry, but for anyone who wants to join in the struggle for building solutions.

Together, we can organize around a common goal. Subvert's platform and model are merely tools in service of a greater vision: An economy founded on mutual support, collective ownership, and democratic control — in a word, solidarity.

As Subvert moves forward, we welcome your input, critique, and participation. Whether you're an artist, a label, a supporter, or someone interested in online platforms or cooperatives, your perspective is vital in shaping this project. To that end, here's how you can help further:

1. Share this doc on your social media channels, tagging @subvertworld.
2. Send it to your favorite artists and labels.
3. Connect us with potential partners, allies, and investors via email at info@subvert.fm.

Together, we can have a chance to demonstrate a better model for how businesses are owned and controlled. Building a new economy based on collective ownership is not charity. It's a recognition that our futures are interlinked.

Sincerely Ours, Subvert

i.

GLOSSARY

Annual Meeting
Yearly gathering of all Subvert Co-op Members to elect the Subvert Co-op Board of Directors and make other major decisions

Artist-Member
Member of the Subvert Co-op who sells music or merch through the Subvert Platform

Board of Directors
Elected governing body of the Subvert Co-op, responsible for strategic decisions and oversight

Bylaws
Formal written rules that govern the conduct and operations of the Subvert Co-op

Cap Table
A spreadsheet or table that shows the equity capitalization for a company, detailing the ownership stakes of shareholders

Common Shares
Founding shares in the Subvert Corporation that represent basic ownership and are all reserved for the Subvert Co-op

Community Bonds
Potential funding mechanism through which community members invest in Subvert through bond-like instruments

Convertible Note
A form of short-term debt that converts into equity, typically in conjunction with a future financing round

Cooperative (Co-op)
Business or other organization owned and operated by its members for their mutual benefit

Co-op Member
Artist, label, supporter or worker in the Subvert Co-op

Democratic Governance
A system of organizational management that empowers members to participate in decision-making processes.

Label-Member
Record label that is a member of the Subvert Co-op

Member Agreement
Legal document detailing the rights and responsibilities of Subvert Co-op Members

One Member, One Vote
Basic cooperative principle ensuring that each member has equal voting power in major decisions, regardless of their financial stake or length of membership

Ownership
Rights and responsibilities associated with financial and decision-making power

Ownership Assembly
Quarterly gathering of randomly selected Subvert Co-op Members to distribute Ownership Points

Ownership Dashboard
Tool in the Subvert Platform for Co-op Members to track their Ownership Points and Subvert Platform metrics

Ownership Points
Units representing a measurement of a Member's patronage activities

Patronage
The use of Subvert's services or participation in its activities by a member

Patronage Activity
Actions taken by Subvert Co-op Members on the Subvert Platform that may be rewarded with Ownership Points, including selling or buying releases

Preferred Shares
Shares in the Subvert Corporation that entail privileges in dividends and liquidity; reserved for fundraising

Quarterly Town Hall
Regular meetings where Subvert leadership updates Co-op Members on the Subvert Platform's performance and gathers feedback

Release
A piece of digital music, physical media, or merch offered by artists and labels on the Subvert Platform

Revenue-Based Financing
Potential funding method by which investors receive a percentage of future revenues from the Subvert Platform, instead of ownership in the Subvert Corporation

Sortition
A method of selecting representatives by random draw

Sounding Board
Opt-in method for Subvert Co-op Members to provide input on strategic decisions related to the Subvert Platform

Special Meeting
Any meeting of Subvert Co-op Members called outside of Quarterly Town Halls and Annual Meetings to address urgent matters

Steward Ownership
Potential exit for Subvert in which Co-op Members entrust specific individuals with the platform's maintenance

Subvert Co-op
Member-owned entity that operates the Subvert Platform, comprising artists, labels, supporters, and workers

Subvert Corporation
Corporate entity of Subvert which owns the code of the Subvert Platform and can issue preferred shares to investors

Subvert Development Agreement
Legal contract between the Subvert Co-op and the Subvert Corporation regarding use of the Subvert Platform

Subvert Model
Unique organizational and ownership structure developed by Subvert, combining cooperative and corporate entities

Subvert Platform
Online marketplace for artists and labels to sell releases to their supporters

Supporter-Member
Member of the Subvert Co-op who purchases releases on the Subvert Platform

User
Any individual utilizing Subvert's platform. This includes both members of the Co-op and non-members

Worker-Member
Member of the Subvert Co-op who is employed by Subvert to develop the Subvert Platform

A Note on Authorship

by Austin Robey

You've reached the end of this document, and you may be wondering who authored it.

In start-up culture, there's an obsession with the founder's story. We're used to narratives that center individuals at the expense of collective effort and wisdom. We've intentionally placed this section at the end to challenge that narrative.

My name is Austin Robey, and for the better part of the last decade, I've been focused on solving the same problem: How can we create viable collectively owned platforms?

Look at my record and you'll see a consistent thread of efforts all aimed at solving this problem.

I co-founded Ampled, a cooperatively owned crowdfunding platform for musicians. The lessons learned from this experience have been instrumental in shaping Subvert.

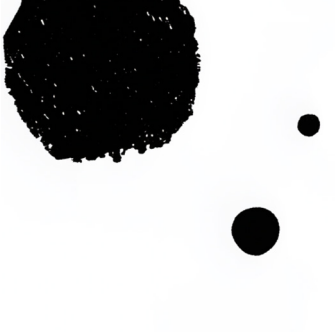
I also co-founded Metalabel, a venture-funded start-up, alongside Yancey Strickler (Kickstarter co-founder) and Rob Kalin (Etsy founder). Working with the founders of two of the most successful creative marketplace platforms was a valuable experience, especially in gleaning insights from their experiences.

I've also taught a college course entitled "Music and Platform Cooperativism" at The New School, focusing on solidarity structures within the music industry. As a mentor at NEW INC, the New Museum's incubator in New York City, I regularly guide creative entrepreneurs interested in implementing shared ownership models within their own practices.

I've been an early active participant in the platform cooperativism movement, speaking at the Platform Cooperativism Consortium Conference and participating in Start.coop, the first business accelerator for cooperative enterprises. I've written extensively about platform cooperativism and the need for more equitable ownership models in the creative economy.

All of these experiences — from building platforms to teaching, from writing to mentoring — have been steps on the path to solving the problem of viable collectively owned platforms. Each effort has provided new insights, revealed new strategies, and ultimately contributed to the ideas behind Subvert. This project is not an epiphany. It's the culmination of years of dedicated labor.

It's important to note that, while I'm



initiating this project, I'm not alone. There are other talented individuals involved in Subvert who, due to current professional commitments, can't be named at this time. This project is a collective effort, and it will continue to grow and evolve with the input and efforts of many — hopefully, including you.

But here's the crucial point: No matter how well-intentioned or experienced we might be as individuals, our personal virtues are insufficient to guarantee the long-term integrity of Subvert. We've seen this play out before. Ethan Diamond, the founder of Bandcamp, seemed like a cool, principled, and well-intentioned guy. Yet, despite the best intentions of Bandcamp's founders, the company ultimately became a corporate asset, traded with little regard for the community it served. Relying on the goodwill of a handful of individuals to steward critical infrastructure is an existential threat.

That is why Subvert is designed differently. We're not asking you to trust us as individuals. Instead, we're asking you to look closely at the accountability structures and codified safeguards built into Subvert. We're creating a system that's designed to distribute power, ensure democratic control, and leave room for evolution based on our collective needs.

Subvert is not a founder's vision. It's a trellis for collective self-determination, up which we can climb together. We're building an organization designed for longevity and resilience, serving and evolving with its community for the future.

None of this work has happened in isolation. Subvert builds upon the legacy of many other solidarity movements, cooperative efforts, and artistic experiments. We stand on the shoulders of countless thinkers, artists, activists, and practitioners who have paved the way for us.

We want to acknowledge the many people who have supported or influenced Subvert's development. Some provided direct material support, others indirectly inspired these ideas through their writings or practices, and some others offered encouragement, understanding, or a cup of coffee. We're grateful to everyone who has played a part, directly or indirectly, in bringing Subvert to this point. There's much more to come.

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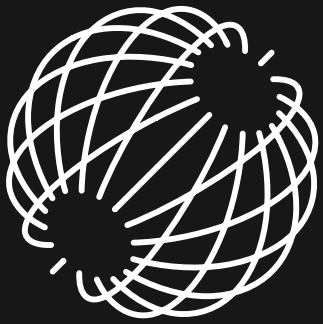

Plan for the Artist-Owned Internet
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